



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

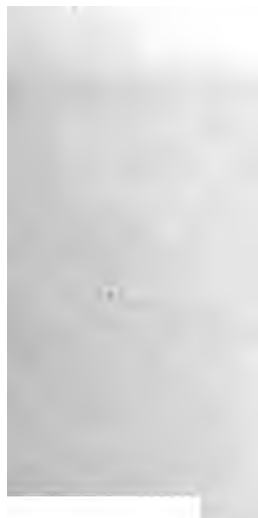
NYPL RESEARCH LIBRARIES



3 3433 07592547 3







171001 35 0011

Collectivism

and

Industrial Evolution

by H. H. C. H. H. H. H.

Published by the University of Chicago Press

1911



SFC

Van Der...

1. Socialism, 1899-1910.

E.D.



COLLECTIVISM

AND

INDUSTRIAL EVOLUTION

BY

ÉMILE VANDERVELDE

MEMBER OF THE BELGIAN
CHAMBER OF DEPUTIES.....

+

TRANSLATED BY CHARLES H. KERR



CHICAGO
CHARLES H. KERR & COMPANY
1901

LC

CB

UNIVERSITY OF MICHIGAN
LIBRARY

THE NEW YORK
PUBLIC LIBRARY
803783 A
ASTOR, LENOX AND
TILDEN FOUNDATIONS
R 1935 L

Copyright, 1901, by
CHARLES H. KERR & COMPANY

OV WOB
KIDP
KIDP
KIDP

AUTHOR'S PREFACE TO AMERICAN EDITION

In writing this little book we have tried to fill an undeniable vacuum in the socialist literature of the French language.

Among the countless works to which socialism has given birth since the beginning of the nineteenth century there are some—Marx's *Capital* is the most illustrious example—which require from the reader a perseverance and a preparation which, unhappily, belong only to a privileged few. The rest of our books, on the contrary, when they are not out of date, or of too special a character, are primarily propaganda pamphlets which through their extreme simplicity are excellently adapted to reach the masses of the people, but which could hardly be recommended to those who seek a complete exposition of the collectivist theories.

Often enough it has happened to us, when we were talking socialism with what our eighteenth century writers called "honest people," who had, or desired to have, "common sense" on all subjects, to meet with this question: "Will you please direct me to a good summary of your teachings?"

An embarrassing question, at least when our neighbor reads nothing but French.

The three volumes of Marx (only the first two of which are translated) are not exactly popular works. Other books are no longer in the current of contemporary facts, or treat only one or two aspects of the problem; the excellent tracts of the London Fabian Society are not published in French. Finally, despairing of the case, we resorted to advising those who

wished to study socialism in a single volume to read the work of an adversary, the exposition, which indeed is very objective, by Dr. Schaeffle, "The Quintessence of Socialism."

It is to avoid this alternative that we have here tried to explain in as clear and concrete a form as we could the main lines of the collectivist conception elaborated by Marx, Engels, Collins, Cesar de Paepe, and many others.

But, can this exposition, written for the French reading public and with the design we have just explained, be of any interest to foreigners, especially to Americans? We should be tempted to reply in the negative if we were not firmly convinced of the advantages which may accrue from a continuous and reciprocal penetration of ideas between the socialists of different countries and especially of the Old and New World.

At the hour when the United States, finishing their industrial evolution, penetrating as victors into the markets of Europe, associating themselves with the capitalist crusade in the Orient, are mingling more and more in the concert of the powers of the old world, it is imperatively necessary that the socialists of Europe and America enter into a closer and closer compact, learn to know each other better and better, and, in so far as diversity of environment can be reconciled with their common aspirations, unify their International propaganda against International exploitation.

EMILE VANDERVELDE.

TABLE OF CONTENTS.

	Page.
INTRODUCTION	9
PART I.....	13
CAPITALIST CONCENTRATION.	
CHAPTER I. The Decadence of Personal Property.....	24
1. The Peasant Proprietors.....	25
2. The Artisans.....	33
3. The Small Retailers.....	41
4. Summary and Conclusions.....	46
CHAPTER II. The Progress of Capitalist Property.....	53
1. Corporations	53
2. Capitalist Monopolies.....	58
I. Agreements ..	58
II. Trusts	62
CHAPTER III. Objections	69
1. Workingmen's Savings.....	72
2. The Democratization of Capital.....	73
3. The Numerical Increase of Small Enterprises....	76
I. Commercial Enterprises.....	77
II. Agricultural Enterprises.....	78
III. Industrial Enterprises.....	79
4. Summary and Conclusions.....	81
PART II.....	85
THE SOCIALIZATION OF THE MEANS OF PRODUCTION AND EXCHANGE.	
CHAPTER I. The Three Elements of Profit.....	89
1. Wages of Insurance.....	90
2. Wages of Abstinence.....	92
3. Wages of Superintendence.....	95
4. Surplus-Value and Profit	99

	Page.
CHAPTER II. The Advantages of Social Property.....	103
1. The Profits of the Public Enterprises.....	104
2. The Condition of Those Employed.....	106
3. The Purchase of Raw Materials.....	109
4. The Cost of Products and of Services.....	111
5. The Quality of the Products.....	115
6. The Interests of Generations to Come.....	119
7. Summary and Conclusions.....	120
CHAPTER III. The Administration of Things.....	122
1. The Proletarian Conquest of the Public Powers..	124
2. The Government State and the Industrial State..	126
3. The Decentralization of Social Enterprises.....	131
4. The State of the Future.....	134
CHAPTER IV. The Formulas of Distribution.....	137
1. The Right to the Entire Product of One's Labor..	140
2. The Right to Existence.....	144
3. Summary and Conclusions.....	147
CHAPTER V. The Means of Realization.....	152
1. Expropriation without Indemnity.....	152
2. Expropriation with Indemnity.....	155
3. Expropriation with Partial Indemnity.....	157
4. Summary and Conclusions.....	160
CHAPTER VI. Objections	173
1. Socialism and Individual Initiative.....	175
2. Socialism and Liberty.....	183
3. Socialism and Art.....	191

INTRODUCTION.

That which is contains, I believe, the sum of that which was, of which it is the tomb, and the germ of that which shall be, of which it is the cradle.—
Enfantin.

The prodigious stroke of fortune which has made civilization possible, as Rodbertus somewhere says, consists in the fact that labor in common is more productive than isolated labor.

Alone, man would scarcely produce enough to live on.

Let him be incorporated, on the contrary, into a social organization, and the productiveness of his work goes on ever increasing, in proportion as the division of labor, the convergence of efforts, the perfecting of tools increase his power over things.

In every society, then, whatever its structure, free or servile, capitalist or communal, social labor produces an excess, a surplus-value, that is to say a value greater than the forces of labor and the means of labor consumed during the process of production.

But while in a communal system this excess would go to the profit of all, in capitalist society—characterized by the divorce, more or less complete, between property and labor—the surplus-value, produced by labor, does not return to labor. It is swallowed up, under the form of profit by the exclusive owners of the means of production and exchange.

This is stated by A. Menger, professor of law in the University of Vienna, in the following terms:

Our present patrimonial law, of which property

forms the central point, does not guarantee to the worker the whole product of his labor. By abandoning to the free enjoyment of certain persons (by the right of private property which it concedes them), the existing wealth and notably the means of production, our private law accords to these persons a power, thanks to which they may, without personal labor, assure themselves an income and use it for the satisfaction of their wants. This income, which the people favored by the juridical organization receive from society, without rendering a personal equivalent, is designated by the disciples of St. Simon, of Buchez and of Rodbertus under the name of rent; by Thompson and Marx under that of surplus-value (Mehr-wert); I shall call it unearned income (arbeitsloses Einkommen).*

Thus, thanks to the individual appropriation of capital, the owners of the means of production and exchange enjoy the hereditary right of dividing among themselves the surplus-value created by the labor of others. They can at their will consume it productively or unproductively, expend it in orgies or accumulate it so as to increase so much the more the exploitation of labor. They as masters direct the workshops and factories, unless they prefer to appoint salaried directors in their places. And either directly or through persons interposed by them, they throw upon the national or international market articles of merchandise, exchange values, concerning themselves not with the public needs to be satisfied, but with the private benefits to be realized.

In short, the distinguishing feature of the present regime, as regards production and distribution, in

*Le droit au produit integral du travail. French translation, p. 9 (Paris, Giard & Briere, 1900). See also, on the subject of the Marxian theory of surplus-value, the Introduction by M. Ch. Andler to the same work, pp. xxxiii. et seq.

spite of the survivals of the past or the germs of the future that it contains, is the omnipotence of private capital, with no other aim than profit, with no other social rule than competition, with no other relief than the organization of the workers and the intervention—too often illusory—of the law.

That which constitutes, on the contrary, the final end pursued by socialism, is the collective appropriation of the means of production and exchange, the social organization of labor, the re-division of the surplus-value among the workers, after the necessary deduction is made for the satisfaction of the general needs of society.

Consequently under a regime of integral collectivism—supposing, what we do not assert in advance, that this regime will one day be realized—the land, the mines, the industrial establishments, the instruments of credit, the means of circulation and transportation will belong to the collectivity; only objects of consumption will remain personal property.

The direction of affairs, instead of being as to-day monarchical or oligarchical, would take the republican form; instead of being turned over by right of birth or right of conquest to capitalists, competing or combined, it would belong, not to the state, as is said and repeated abusively, but to autonomous public corporations under the control of the state.

‘Collective capital,’ says Schaeffle, “ought to be destined and appropriated, once for all, to the different local and professional groups and to their subdivisions, by special organs of the commonalty: administrative authorities established by virtue of law, or popular leaders exercising a purely moral authority. These same organs would have to provide for the renewal and the increase of the means of production. This direction and this economic administration would

then be a public and centralized affair and not the work of competing capitalists."*

Finally, from the point of view of distribution, the exchange of merchandise for the sake of profits would give way to the distribution of utilities, of use-values, for the sake of satisfying social or individual needs. The pay of the workers, instead of being determined by the cost of production of their labor power—the surplus-value remaining with the capitalists—would be proportioned either to their needs or to the value of the products of their labor. We shall have to explain our position on this point in a later chapter. For the moment let us only say that the complete realization of collectivism implies not only (as some too brief definitions might imply) the collective appropriation of the means of labor, but a complete revolution in the regime of production and distribution.

Because of its very fullness, this revolution cannot be other than the result of a long and complex series of partial variations: "profound transformations can never be sudden; sudden transformations can never be profound."

But from now on,—for socialism is nothing else than the ideal projection as well as the organic culmination of present tendencies,—the social revolution is on its march: the whole movement of capitalist production in the direction of the socialization of labor, is preparing and making inevitable the socialization of property.

It is principally at this point of view of production that we intend to place ourselves in this exposition.**

*Schaeffle's "Quintessence of Socialism," English translation published by Swan, Sonnenschein & Co., London. See also "Le Collectivisme" in the *Revue Sociale et Politique*, 3rd year (Brussels, 1893), p. 294.

**Of course this point of view is inseparable from the substantial influence exercised upon the productivity of social labor by the progress realized in distribution. Cf. W. Som-

It would, in fact, matter little enough that our principles of distribution might be more equitable than the principles now admitted, if their application would necessarily bring a set-back, or even a check, in the expansion of productive forces.

The fundamental proposition which stands out from the whole economic history of the world, is that a regime of production, no matter what acts of injustice it involves, what protests it excites, what revolts it provokes,—never disappears but to give way to a superior regime, superior not only in the point of view of abstract justice, but also and above all in the point of view of social productivity.

Slavery and serfdom, condemned for centuries by moralists, were not suppressed in countries of Christian civilization, until the moment came when the necessities of production required the formal emancipation of labor.

Likewise, all the sentimental arguments that can be invoked in favor of socialism would not suffice to determine the real emancipation of labor, if collectivism were not destined to prevail over the capitalist regime by reason of its superior productivity.

It is this that we propose to show, by explaining the consequences of the concentration of capital, the results of the increasing extension of the collective domain, and the problems raised by the democratic organization of social labor, as well as the division of its products.

bart: Ideale der Sozialpolitik (Archiv fuer soziale Gesetzgebung u. Statistik. X. p. 45. Berlin, 1897). V. also Solvay: Le productivisme social. (Annales de l' Institut des Science Sociales, Dec. 1898, pp. 415 et seq., Brussels, 11, rue Ravenstein).



2

PART I.

CAPITALIST CONCENTRATION.

New conditions of production, superior to the old, do not take their place until their material causes have developed within the old society.—Karl Marx.

In proportion as societies progress, as the relations between men multiply, as communication becomes easier and more frequent, the division of labor goes on always increasing.

While in a rural community scarcely half a dozen separate trades can be found, the industrial census of the German Empire for 1895 shows the existence of 10,397 professional callings, of which 5,506 are related to the manufacturing industries.

And naturally, most of these trades are decomposing, in their turn, into fractional operations accomplished by separate workers.

Thus Levasseur, comparing the modern manufacture of shoes with the shoemaking of primitive times, reports that in the factories of Lynn, Massachusetts, fifty-two workmen and workwomen participate in the completion of a lady's boot, each of these processes lasting barely a few seconds and being repeated thousands of times a day.*

But, precisely because of this infinite division and subdivision of social labor, the mutual dependence of the workers increases greatly. Farmers, merchants, factory workers, those who pass their whole lives sewing on the same buttons or piercing the same buttonholes,—all are bound more and more closely to

*Journal de la Societe de Statistique de Paris, Jan., 1900.

16 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

other producers in proportion as their social function is more specialized. The processes of division of labor meet an instant response in the processes of technical and of social co-ordination, which re-establish on an enlarged base, the unity of trades and the solidarity of the different branches of production.

From the technical point of view, the modern factory substitutes for the individual laborer a collective laborer, a gigantic automaton which accomplishes the complete sum of the productive operations; it is the very division of labor which begets socialization and makes it possible.

From the social point of view, the organizations which have become too narrow to fit themselves to the progress of technique, will at no late day be replaced by new organizations, adapted to the new forms of production.

The isolated family economy, producing use values consumed by the producers themselves, gives place to the economy of exchange, under its three successive aspects, urban, national and international.*

I. ISOLATED FAMILY ECONOMY.

When the division of labor is still rudimentary the economic unit is the family, in the broad sense of the word, namely, the commonalty, of all who live under the same roof, or, following the mediaeval expression, "with the same spoon and the same pot.**" Such, for example, were the primitive Roman familia, the peasant community of the middle ages, and the zadruga of the southern Slavs. These domestic groups

*Sombart. Die gewerbliche Arbeit und ihre Organisation (Braun's Archiv fuer soziale Gesetzgebung und Statistik, Drittes und viertes Heft, Berlin, 1899.)

**A good description of this state of things as it existed in England during the middle ages will be found in "Economics and Industrial History," by H. W. Thurston; Chicago, Scott, Foresman & Co., 1899.

whatever the number, often very large, of the persons composing them, present this common trait, of sufficing to themselves, except for a few products (iron, for example, and in inland countries, salt) of being side by side with similar units, but very feebly united or related to them: veritable social cells, scarcely connected with the outer world, they produce all that they consume and consume all that they produce.

It is scarcely needful to add that under such conditions the productivity of labor is reduced to the minimum.

II. ECONOMY OF EXCHANGE.

A. Urban Economy.

At this stage of transition from domestic economy to the higher forms of social economy, production and consumption begin to differentiate themselves, the relations of exchange increase in number, industry separates itself from agriculture, trade guilds spring up in the towns; the economic unit becomes the city, with the surrounding fields.

"A map of the ancient German Empire," says K. Buecher, "shows us about 3,000 towns scattered at an average distance apart of about four or five leagues in the south and west, and seven or eight leagues in the north and east. All were not of the same importance, but each was nevertheless the center of an economic territory as well defined as the ancient feudal farm, and which, limited to two or two and one-half miles square in the southwest, to three or four in the north, to five or eight in the east, always enabled the peasant to reach the town market and return home in a day."*

*See Favre. *L'évolution économique dans l'histoire*. Revue d'Economie Politique, 1894) p. 16.

18 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

Thus, then, by a slow transformation, which lasts through centuries and still continues in our days, the family community has in part lost its independence.

Nevertheless, during the whole urban period, the ancient communal forms persist; most of the things necessary to life are still produced by the economic unit which consumes them; the division of labor remains little developed; commerce, national and international, deals with only a small variety of goods: spices and southern fruits, for example, dried or salted flesh, furs, fine cloths, and in northern countries, wool.

But with the great discoveries beyond the sea, the markets extend, manufacture appears, the division of labor, which among the artisans of the middle ages had been merely into trades, now decomposes the various processes which result in the finished product. The municipal era, inferior in productivity, approaches its end, the capitalist era begins.

B. National and International Economy

At the start, it is true, national economy, protectionist and mercantile, does nothing but reproduce (on a larger base and preserving a large share of the earlier forms), the municipal organization.

The industrial and commercial classes, moreover, do not yet represent, even in the most advanced countries, more than a very feeble fraction of the total population. In England, for example, following the estimates of Gregory King for 1688, there were 4,265,000 persons engaged in agriculture as against only 240,000 in manufacturing and 246,000 in trade. But in 1769, less than a century later, these proportions have already undergone radical modification: according to Young the farming classes no longer represent more than 3,600,000 inhabitants; manufactu-

ing employs 3,000,000 and other occupations 1,900,000.*

It is at this moment that the industrial revolution is being accomplished with lightning rapidity. The world market is taking shape, the net-work of communication is developing; the earth gives up its minerals, machine work is substituted for hand work; the factory industry prevails over all other modes of production, a veritable struggle for existence, a merciless combat on a limitless battle-field, ensues between the different forms of enterprise.

The social consequences of this transformation are described by Karl Marx in the celebrated chapters which close the first volume of "Capital."

The great capital of to-day, he says in substance,** takes its origin from the destruction of the small properties (of artisans and peasants), in which labor and private property were really associated, and in which the laborer was also the true proprietor of his means of production and of the product of his labor. This form, equitable in itself, of private property, in which the laborer was the free proprietor of the means of labor operated by him—the peasant, of the field that he plowed, the workman, of the tool which he used ingeniously—this form, we say, excellent for its own time, conforming to justice and identifying itself with labor, had the great defect of scattering the means of production, and this dispersion resulted in an injury to the productiveness and the activity of labor. The small proprietorship was destined to perish through this defect, and what remains of it (small artisans and small peasant proprietors) is daily wasting away, forced as it is to yield to the power of large capital, agricultural and industrial.

Private property, acquired by personal labor, and

*J. A. Hobson, "The Evolution of Modern Capitalism," p. 22. New York: Charles Scribner's Sons.

**Das Kapital, I. Chap. xxxii.

20 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

based, so to speak, on the union of the individual, independent and isolated, with the conditions of his particular work, has been supplanted by capitalistic private property, based on the exploitation of the labor of others.

As soon as this process of transformation, destroying the small properties of artisans and peasants, had sufficiently decomposed the old society; as soon as the former individual workers were converted into proletarians, that is to say, into workers separated from their means of production, and as these means (the former small property) were converted into great modern capital, then the struggle of capital went farther; great capital, in its second phase of development, attacked the small capitalist himself.

By the continued concentration of the means of production in the great industries, one aggregation of capital destroys many others; but meanwhile, in the domain of great private capital, there is developing equally and simultaneously, the co-operative form of labor on an ever increasing scale. This involves the application of science to technical processes, the exploitation of the earth with method and system, the transformation of private means of labor into means which can only be employed socially, and the interlacing of all nations into the network of the world-market.

Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production which has grown and

flourished along with it, and under it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

We have especially desired to reproduce almost entire this admirable page, so as to show how unjust it is to claim, as is sometimes done, that socialism, occupying itself wholly with the injustices of distribution, neglects to take account of the exigencies of production.

The whole Marxian conception, on the contrary, is based on this fundamental idea, that the transformation of personal property into capitalist property, and of capitalist property into social property, has for a determining factor the superior productivity of capitalist production over small production, and of socialism over capitalist production.

If the autonomous producers, the master artisans, the peasant proprietors, in a word, all those who work for themselves, without dividing the fruit of their labor with any one, tend to disappear, it is, more than anything, because their energy in labor does not suffice to compensate for the advantages of socialized labor.

If the number of enterprises is decreasing, at least in certain branches of industry, while the number of workmen employed goes on always increasing, it is because great enterprises are as a rule more productive than small ones.

Finally, if social property is destined to succeed one day to capitalist property, it is again because the suppression of private monopolies, of hereditary privileges, of unearned incomes, of the obstacles of every nature which capitalist appropriation opposes to the expansion of productive forces would increase in un-

22 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

heard of proportions the productivity of social labor.

Certainly we do not pretend that this schedule, which tries to embrace the whole evolution of modern property in a formula which is necessarily too simple,—personal property, capitalist property, social property, is adapted rigorously and absolutely to the startling complexity of the phenomena.

We are the first to recognize that the affirmations of Marx on the increasing degradation of the proletariat express only a tendency which may be and often is counterbalanced by other tendencies acting in the contrary direction.* But the important thing to note—before explaining in more detail the process of capitalist concentration—is the organic character of the conception which serves as a basis for the collectivist theories.

That there are even in Marx, in the Communist Manifesto, for example, isolated passages which contain traces of the utopian "catastrophes" which the Manifesto was expressly intended to combat, survivals more or less numerous of the theory of sudden strokes precipitating revolutions in modern societies "like a thief in the night," we do not in the least think of denying.** But it is none the less true that, in its entirety, the Marxian theory presents characteristics diametrically opposite: the expropriation of the means of production and exchange for the profit of the collectivity appears there as the final term of the evolution of capitalism itself, as the consequence of the previous expropriation of the small producers by the large.

It remains to know whether it is true that in all the spheres of production and exchange, personal proper-

*Kautsky: Bernstein und das Sozialdemokratische Programm, pp. 114-128 (Stuttgart, 1899).

**See on this subject the second chapter of Bernstein, Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie (Stuttgart, 1899).

ty, the instrument of labor of the autonomous producer, tends to disappear before capitalist property, the instrument of exploitation of the producer working for wages.

CHAPTER I.

THE DECADENCE OF PERSONAL PROPERTY.

"Das Eigentum ist Fremdtum geworden."—Lassalle.

The characteristic types of personal property, instruments of labor for the proprietor, not instruments for the exploitation of labor, which still persist in the present capitalistic societies, are: the peasant proprietor, the artisan, and, to the extent that he retains property in his stock of goods, the small merchant.

The peasant proprietor, utilizing directly his own labor, assisted by the members of his family, reproduces among us, more or less adapted to the modern environment, the isolated domestic economy, the rural commonalty of the middle ages.

The artisan, proprietor of his tools, and himself selling what he produces, is a survival of the urban economy, of the trade guilds of the communal epoch.

As for the little retailer, the middleman who multiplies to-day in almost all branches of production, we have seen him appear only since the moment when the progress of the division of labor and the extension of the markets has made way for his intervention in exchanges.

It is since 1830, says Degreef,* that retail trade and

*We can approximately estimate the trading population of Belgium, during the epochs mentioned below, by the successive census reports as follows:

	Members of trading houses.	Active traders.
1846.....	239,013	108,696
1856.....	335,915	156,803
1866.....	400,000?	200,000?
1880.....	523,000	244,247
1890.....	700,000	327,091

It is apparent that the annual increase is no longer 5 per cent, as during the two first periods, but only a little over 3 per cent.—De Greef, *Le Credit Commercial et la Banque Nationale de Belgique*, p. 223. (Brussels, Mayaux, 1899.)

wholesale trade have especially developed. The population active in trade arose in 1846 to the number of 103,696, a figure which by 1856 had increased to 156,803,—that is to say that the increase of the number of middlemen during that period was more rapid than the growth of population; while the latter increased by less than 1 per cent a year, the number of merchants grew at the annual rate of about 5 per cent.

We see then that the development of capitalism and industrial concentration may have for a counterpart the multiplication of small enterprises in other branches, and notably in commercial pursuits. But we shall have to investigate in what proportion these little enterprises really constitute the personal property of those who operate them.

I.—The Peasant Proprietors.

It is necessarily in agriculture, the least differentiated of the great industries, that we find oftenest the primitive forms of property and of production. Such are the "commons," belonging to the communes, but appropriated to the individual enjoyment of the inhabitants; the "latifundia," of feudal origin, the domains of the prince which have become domains of the state, and finally, that most perfect form of personal appropriation, "peasant proprietorship," exploited in direct production by the cultivator, aided by members of his family, and producing almost everything required for the needs of his household.*

It is needless to say that in our countries where capitalistic production predominates, those conditions of life where they persist are already profoundly altered; to find them intact with their purely sexual

*For precise information regarding peasant proprietorship, see chapter I. of the book by A. Souchon, "*La Propriété Paysanne*" (Paris, Larose, 1898).

division of labor, it is necessary to go to the Slavic communities of eastern Europe.

The Bukowinian peasant, says Karl Buecher, usually efficient by himself, when he builds a house does the work of a carpenter, a roofer and other artisans, while his wife busies herself with weaving the partitions, plastering them with clay and stopping the chinks with moss, with beating down the earth which is to serve them for a floor, as well as many other labors of the same kind. From the sowing of textile plants or the care of sheep, up to the completion of his bedding or of his clothing, the peasant of Bukowina produces everything, even his dyes, which he extracts from the plants he cultivates, and his tools, naturally very primitive, which are necessary to him. And in general it is the same with his food. Cultivating laboriously his field of maize, he reduces, with the aid of a hand-mill, the grains into meal, which is his principal food; he constructs for himself the simple tools, dishes and utensils for his housekeeping, or at least there is in the village some self-taught mechanic who can do it. He generally leaves to the Bohemians, who live scattered over the country, only the manufacture of iron.*

In this stage of evolution, exchange, money, credit, capital, all the categories which bourgeois economy assumes to be eternal, reduce themselves to nothing,—or very near to it.

But, beginning from the moment when labor is divided, or the acts of production are separated, one after the other, from the domestic economy, to be transferred to social production, peasant proprietorship, where it is not actually suppressed as in certain

*Karl Buecher, *Les formes d'industries dans line developpement historique*. (Revue d'Economie Politique, 1892) p. 680.

districts of England, by brutal and bloody confiscations,* none the less is radically transformed.

The development of industry, in the cities, does away with domestic industry, the baking of bread, wood-working, the use of the spinning-wheel, hand weaving, for the needs of the family; or at least it specializes them and transforms them into those home industries, miserably paid, which still vegetate in the lofty valleys of mountainous regions and in certain parts of the level country.

The extension of cultivation, necessitated by the increasing demand for food products in proportion to the increase of urban and industrial population, carries with it the abolition of common pasturage and woodland, the sale or the division of "commons," and the consequent suppression of the customary rights so precious to peasant proprietors.

"The communal heaths," said the deputies from the province of Luxembourg in the Belgian Chamber in 1847, "are the most assured possessions of the poorer inhabitants. They make it possible for them to keep some heads of cattle on the common pasturage, furnish them with bedding for the cattle and thatching for their cottages, and moreover, in certain places a supply of firewood which aids them in procuring the bread needed for the subsistence of their families."

Deprived of their "commons"—except in certain regions where uncultivated fields are still numerous—obliged to have money, to buy what the work of the home no longer produces, to pay the ever-increasing government charges, to pay the hired help which replaces their sons, taken from the home by the factory or the army,—the peasant proprietors, reduced to the exclusive function of cultivators, are obliged to produce exchange values, to keep their personal expenses

*Brentano, *Erbrecht und Bauernstand in England*. 2. (Gesammelte Aufsätze I. Stuttgart, 1899.)

28 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

down to the minimum, to eat lard and oleomargarine from America while they sell their butter, their eggs, their cattle, their pork, either at the market in the next village or to merchants who too often exploit them and keep them in debt.

Finally, when the development of international relations, the perfecting of means of transport, the invasion of cereals and other products from beyond the sea, expose agriculture to all the fluctuations of the world market, the cultivators find themselves obliged to improve their tillage, to amend their technique, to transform their culture which no longer pays into a culture that is still profitable.

The aspect of the fields is being modified. Wheat loses its ancient preponderance; it is giving place in large measure to market gardens, dairies and the raising of fat cattle. Pasturage is being transformed into artificial meadows. Fallow-land disappears. The soil is furrowed with drainage and irrigation ditches.

Meanwhile, for industrialism and agriculture alike there is need of capital, and most of the peasant proprietors have none. So, many of them have been obliged to contract heavy burdens of debt, to pledge their goods, or to give up laboring on their own account and become tenant farmers.

It is this which in great part explains the notable falling off of peasant proprietorship in Belgium since the agricultural crisis, and especially in the interval between the census of 1880 and that of 1895.

In 1880, out of every hundred hectares (247.1 acres) of land under ordinary culture, 66 were worked by tenants as against 34 by owners. In 1895 the proportion by owners had declined to 31 as against 69.*

*In Germany, out of 5,276,344 holdings, there are 15.7 per cent rented, 63.6 per cent worked by the owners, and 20.7 per cent rented and partly worked direct, but "The proportion of lands rented out by contract to those worked by the proprietor himself seems to be actually increasing."—(Blon-

It is also important to note that direct working, peasant proprietorship, retains its importance only in the poorest regions, in the heaths of Campine, the higher marshes of Ardennes, the woodland cantons of the Entre Sambre and Meuse. On the contrary, capitalist proprietorship, cultivation by tenant farmers, prevails almost without exception in the richest regions, so that a conservative writer, M. de Lavallo Poussin, could say: "The development of peasant proprietorship proceeds in inverse ratio to the selling value of the ground. Where the land is high priced, tenantry is the dominant system; few proprietors cultivate their patrimony themselves and most of the peasants are tenant farmers. The reverse is the case where the land has little value, and the more that value declines the more does direct working tend to become the exclusive system."*

Thus all the causes which tend to increase the value of land,—the increase of population, the growth of cities, the extension of industrial centers, the progress of intensive cultivation,—tend equally to cause a divorce between property and labor, to replace direct working and personal property by indirect working and capitalist property.

"A necessary consequence of private property in land, under a system of capitalist production, is the

del. *Etudes sur les Population Rurales de l'Allemagne*. Paris: Larose, 1897.) In France, according to the investigation of 1892, out of a total of 5,618,317 holdings, there are 4,190,725 worked directly and 1,437,522 indirectly. The general proportion of cultivation by owners to cultivation by tenants is in the ratio of three to one. In England, according to Schaeffle, there are six times as many holdings worked by tenant farmers as by proprietors. (Kern und Zeitfragen, p. 193. Berlin, 1895. Thus the proportion of direct working is much larger in Germany and France, where the farmers still include half the population, than in England and Belgium, where the industrial and commercial populations form the great majority.

*"La Propriete Paysanne" (*Revue Sociale Catholique*, Feb., 1898; p. 100.)

separation of the cultivator-proprietor into two persons, the proprietor and the farmer (entrepreneur).”—Marx. Now, from the moment when this separation is produced, the exploitation of the laborer begins.

It matters little, from this point of view, whether large or small farming predominates. In districts of capitalist agriculture, in the strict sense of the word, characterized by the distinction between farm proprietors, farm operators and farm laborers, the exploitation of labor is even, as a general rule, less excessive than in the districts of small farming, where the farmer is in reality nothing but a piece-work laborer, reduced to the lowest conditions of existence.

It will suffice us to cite, on this point, the unquestioned testimony of Paul Leroy Beaulieu: “The parceling out of estates into very small farms, whether it be in countries with a dense population like Flanders and the ‘Terra de Lavoro’ (land of labor) in the kingdom of Naples, or in a starving population like Ireland, may be favorable to the proprietors, but it is not without social inconveniences, sometimes also economic disadvantages. The desperate competition of the small farmers forces up rents in normal times to very high figures; the proprietor, thus finding an easy income and one which in prosperous times tends to increase, stops cultivating land himself. In this particular case, the high rents rest upon the distress and the low standard of living of the tenants. It is this that certain English writers have called “competitive land-rents.”*

Supposing, then, as Sering forces himself to assert, in his critique of Kautsky’s recent book,** that the progress of intensive culture generally results in mul-

*Leroy Beaulieu: “Traite Theorique et Pratique d’Economie Politique,” II., p. 24. (Paris, Guillaumin, 1896.)

**Sering: “Die Agrarfrage und der Sozialismus,” pp. 322 et seq.

tiplying the small and moderate holdings—a matter we shall discuss later—still would it not result that the exploitation of the agricultural laborers must be less intense and less unjustifiable. And up to this point, the conclusion we have reached is the decadence, more or less rapid, more or less complete, of peasant proprietorship, wherever the capitalist system is developing.

Again, even when they persist and where they escape being mortgaged, the family goods, robbed of their primitive characteristics, deprived of their autonomy, incorporated into the vast organism of production for exchange, are subjected to the sovereignty of grain merchants, millers, sugar manufacturers and other great barons of the agricultural industries.

Moreover, in proportion as population increases, and specially in countries where inheritance is equal—when the “*zwei kindersystem*” does not come in with its demoralizing consequences—the holdings, always more divided, always more impaired or encumbered by the claims of collateral heirs, become so slender that they no longer suffice to make a living for their proprietors.

The reader may remember the imprecations of the old Clousier, the justice of the peace in Balzac’s “*Cure de Village*,” against the title of succession of the civil code,—“that pestle whose perpetual motion distributes the land, individualizes fortunes by taking away their necessary stability, and which, always decomposing and never recomposing, will end by destroying France.” It contributes, at least, in a large measure, to destroying peasant proprietorship, whether it be to the profit of capitalist proprietorship or of ownership in petty parcels.*

*We should regard it as a remedy worse than the disease to replace equality of shares by any system of inheritance which should favor one of the children at the expense of the

32 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

In the first case, the peasants are replaced by tenant farmers.

In the second, they find themselves obliged to seek other means of livelihood, which are at first incidental, but eventually become their main dependence.*

Some, and it is necessarily a small minority, start on some small commercial pursuit,—they become retailers, tavern-keepers, dealers in cows or poultry or manure.

Others, uprooted from their native soil, abandon to their wives, or to their relatives the cultivation of their parcel of ground, and go abroad in the summer to work in the harvest field, or at gathering beet-roots, or at making bricks, or any such work, so when autumn comes they bring back a few hundred francs to live on through the winter. Others again, while they keep a patch of land, which they generally have prepared by the nearest farmer instead of working it with a spade as formerly, themselves become wage-workers, industrial or agricultural.

In Belgium notably, thanks to the closeness of the centers of population and to the institution of "workmen's trains," which carry them at a rate ten times less than that for ordinary travelers, there are daily more than a hundred thousand country people, among whom are many petty proprietors or sons of proprietors, who go by rail to work in factories or coal mines,

others, and which might consolidate the peasant proprietorship in favor of the privileged heir, but only by hastening the proletarianization of the heirs sacrificed. Further information on this subject is contained in the fine collection of essays by Brentano: *Gesammelte Aufsätze, Erbrechtspolitik*. (Stuttgart, 1899.)

*According to the industrial census of the German Empire, June 14, 1895, out of each hundred agricultural holdings there are 40.35 which are occupied by people exercising as their main dependence some nonagricultural profession. For further details see Rauchberg, *Die Berufs- und Gewerbe*.

and often at surprising distances from their homes.*

Some time ago, for example, the writer was at Assche, a peaceful Flemish village northwest of Brussels, some forty miles from the coal region. Observing among the peasants who had gathered in the public square, attracted by the socialists' shouts, some whose faces were scarred by powder-burns, so characteristic of miners, I asked them whether they had formerly worked in the "black country." "We work there yet," they replied. "We go every morning from Assche to North Brussels, from North Brussels to South Brussels by the belt line, from South Brussels to Charleroy, and we return home every evening by the same route."

According to information furnished by the department of railways, there are in the district of Brussels, and especially in East Flanders, thousands of workmen who are in practically the same condition: ten hours at work, two hours of railroad travel going, two hours of railroad travel returning, and often a long walk besides. We may well ask with apprehension what human element can remain in such lives, wholly absorbed in the struggle for bread. And yet in spite of all some of these very men, unconscious types of Prometheus, are carrying back to their homes the spark snatched from socialist altars and are kindling, even in the obscurest country places, the great flame of hope in a better future.

II—The Artisans

In branches of production apart from farming, handicraft industry, a dominant form of the economy of the middle ages, plays a secondary and diminishing part under the capitalist system. The artisan, proprietor of his means of production, working for the

*Vandervelde, "Les Villes Tentaculaires" (Revue d'Economie Politique, April, 1899.)

34 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

local market, himself selling to the consumer the products which he makes, is scarcely to be found any longer except in regions and in branches of industry where some obstacle exists to the extension of the market, to the development of the division of labor.

This is the case notably with rural trades, with the industries of luxury, and with those whose products are perishable and find a limited local market.

"As a general rule," says Du Maroussem, "it may be laid down that when the markets are confined, limited to the neighborhood, or to a very small class of the population (as in the case of bakeries and shops for turning out the most expensive furniture) small establishments remain in the majority; when, on the contrary, the markets increase and become national or international, the great factories and the domestic industries divide the market between them; the latter persist, as long as the hand of labor can struggle, by its cheapness, against the progress of mechanics.

"Conforming to these data, we can still find the small industry * * * in the food-producing groups, bakers, pastry-cooks, confectioners, butchers; in the groups of textile industries and cloth-making,—the lace-makers, tailors, seamstresses, linen-drapers, dress-makers, etc.; in the leather industries—morocco-tanners, sheath-makers, pocket-book-makers, etc.; in the wood-working industry—almost the whole group of cabinet-making, fancy turning, etc.; in a portion of metal-working, as in the precious metals."*

But in these very branches of production, personal property in the means of labor, the autonomy of the producers, the individualist organization of the factory, and oftener still of the enterprise, are tending to disappear. Sometimes it is large-scale production which encroaches; the factory which competes victo-

*La petite industrie, T. I. L'Alimentation à Paris, p. 2, Paris, 1893.

riously with the artisan, as the organized bakery supplants the baker and the furniture factory replaces or drives out the cabinet-maker.*

Sometimes by a very frequent form of the transition to the factory system, the old processes maintain themselves by the side of or to the exclusion of the new processes. Hand labor persists; the small employer keeps his workshop, alone, or with his family, or with one or two assistants; but because of the extension of the market, an intermediary slips in between the producer and the consumer; the artisan's industry is transformed into a home industry tributary to a "collective factory."**

From the technical point of view, nothing, or scarcely anything, is changed. From the social point of view, there is a complete revolution. In place of independent producers, working for their own account, disposing of the entire product of their labor, we find ourselves in the presence of proletarians, working for the account of a proprietor—a warehouse-keeper—who centralizes the trade in their products, and furnishes them, oftener than not, with models and materials, sometimes even with the utensils, whether tools or machines, which they use. And in our days this relentless evolution of the industry of the artisan has taken on so general a character that our time has been called "the century of the factory."

It should, of course, be understood that not all home workers are former employers who have fallen into

*Revue de Travail, Dec., 1898, p. 1293. Boignies: "The provincial cabinet-maker complains loudly of the increase of factory competition, seeing that the furniture factories are becoming more numerous and their machinery more perfect.

**Lepay defines a "collective factory" as the organization of industry on a large scale, where the employer centralizes the trade in products which a working-class population manufactures, for the account of this employer, in separate shops or in their homes.

the proletariat. Schwiedland, in his numerous studies on the "collective factory," shows very plainly that the home industries can arise spontaneously, directly, without having passed through any other form, or can be derived, not only from the industry of the craftsman, but from all the previous forms of industrial production.

The absorption of independent craftsmen is, he says, generally the principal way in which "collective factories" are formed in crowded cities. But the absorption or transformation of the craftsman is not confined to the cities, any more than the successive development of home industry is confined to the transformation of the craftsman. All the forms of industrial production have undergone this transformation into collective industry. In the villages, in the hamlets, in the farms of the peasants, we see domestic labor merging into collective manufacturing. It is the same with wage labor, which equally had at one time a prime importance as a mode of production, and even the most modern system of exploitation, the factory, is being transformed, according to the best thinkers, into the collective factory.**

The examples of this last category, which mark a step backward, a retrogression to lower forms, are at least doubtful and certainly exceptional.** It happens often, on the contrary, that the collective factory finds its origin in the capitalist transformation of home labor or day labor. That is the case, for example, with straw-plaiting in Tuscany and the Valley of the Geer, and with toy-making in Oberland von Meiningen, lace-making in Flanders, the making of

*Schwiedland: "La repression du travail en chambre." (*Revue d'Economie Politique*, 1897). p. 580.

**See, for example, Kovalevsky: "La regime economique de la Russie," pp. 178 et seq. (Paris, Girard et Briere, 1898.)

wooden shoes in Waes, almost everywhere, the weaving of thread or of wool.

Thus, by the side of the "master-workman," the cutters of Nauner, the furniture-workers of Paris, the canuts of La Croix Rousse, weaving wonderful silks on their dusty looms, the subordinate employers,—tailors, shoe-makers, weavers, cigar-makers, who still work in their own shops, but for the account of a capitalist; we find a multitude of artisans, who work in their own rooms or at home, who have been enlisted directly by the manager of the enterprise, or at least have never passed through the craftsman stage.

Moreover, whatever may be the beginnings of home industry, what always characterizes it is the dependence of the workers, for the marketing of their product,—a dependence which usually involves the economic prosperity of the entrepreneur, and the poverty, or if they have anything to lose, the ruin, of the producers whom he keeps busy.

Permanent depression of wages, enforced idleness through the dead seasons (the seasons when people die),—feverish work through the rush seasons,—such is almost always, and especially since the machine has played its part, the unhappy lot of the home worker.

He is still the master of his own time, one may say, with no regulations to interfere with him; no overseer to watch him. But what matters the absence of an overseer to those who have hunger for a prison-guard, or the absence of rules to those who work without respite, days and nights alike?*

*Bureau of Labor: The clothing industry in Paris, 1896, p. 501: "Before the law of Nov. 2, 1892, on the labor of women and children . . . the ten-hour day very often marked the dull season and the day of twelve and a half hours the rush season. Sometimes even, owing to the urgent demands of customers, the indifference of employers and the partiality of forewomen, one might point to a record of 44 hours in three days (12 hours, 20 hours, 12 hours). The time-

In his picture, "Summer Days," the artist Steinlein shows us a seamstress in her room, putting out her lamp when the first rays of dawn enter her garret, and greeting the splendor of the morning sky with these bitter words: "At last the season has come when I can save three hours of kerosene a day." Would it not be far better for her to work in a factory, confined at painful tasks, but protected to some extent by the factory laws?

Nowhere, perhaps, except at the homes of the peasants who work for some commercial house, are wages so low, work-days so long, capitalist exploitation so shameless, as in these "family work-shops" of the great cities, which in our official statistics count as so many distinct and independent enterprises. We need only call to mind the horrors of the "sweating system" in the East End of London, in the sweat shops of New York,—those innumerable holes where whole families, living in promiscuity and filth, work to the limit of fatigue in a poisonous atmosphere.* For let us not

books, comprising the daily details of eight years' work, enable us to get at the maximum of several well-known establishments. There are occasional days of sixteen hours, but the highest weekly record appears to be 77 hours. As to the "second shift," the shift which certain workers can impose on themselves at their own homes, these time-books make no mention. That is an unspeakably sad feature of "home work."

*On the conditions of labor in home industry, see especially: England.—First report from the Select Committee of the House of Lords on the sweating system (1888).—D. F. Schloss. *The sweating system in the United Kingdom.* (Journal of Social Science, October, 1892.)

Germany.—Weber. *Das sweating system in der Konfektion und die Vorschlaege der Kommission fuer Arbeiterstatistik.* (Archiv fuer soziale Gesetzgebung. X. Viertes Heft, Berlin, 1897).—Timm. *Neuere Untersuchungen ueber die Lage der deutschen Konfektions-arbeiter.* (Neue Zeit, 5 November, 1896.)

Austria.—Schwiedland. *Kleingewerbe und Hausindustrie in Oesterreich.* Leipzig, 1894.—Bauer. *Die Heimarbeit und ihre*

forget,—and this consideration may appeal to the philanthropists who admire domestic labor,—these homes of misery for the producers are also homes of infection for the consumers.

"It is certainly," says the hygienist, Tanquet, "through the medium of manufactured articles that the most constant relations are established between the different classes of society, and in view of the danger of infection, we should not congratulate ourselves that this system of work permits the father or mother of a family to watch by the bedside of a sick child and still keep at work. The isolation of these diseases becomes impossible; at the homes of these poor people the partly finished clothing is gladly used to take the place of needed bed-coverings, and thus is especially suited to receive and preserve the germs of contagious diseases."*

No doubt it would be blackening a picture already dark enough if we were to attribute these dangers, abuses and sad results to all forms of home work. The glove-worker, for example, protected by a rigid union organization like that of the old-time guilds, does not experience, as yet, the distress of the shoe-makers

geplante Regelung in Oesterreich. (Archiv fuer soziale Gesetzgebung und Statistik. X. Zweites Heft, 1897.)

United States.—H. White. The sweating system. (Bulletin of the department of labor, May, 1896.)

France.—Office du Travail. Rapp. Du Maroussem. La petite industrie, Volumes I. and II. (Paris, imprimerie nationale, 1893 et 1896.)

Belgium.—Office du Travail. Les industries a domicile en Belgique, and especially the excellent monographs of Genart (l'industrie couteliere de Gembloux) and Anslaux (l'industrie armurriere liegeoise et l'industrie du tressage de la paille dans la vallee du Geer.)

Switzerland.—Swaine. Die Arbeits- und Wirtschaftsverhaeltnisse der Einzelsticker in der Nordostschweiz und Vorarlberg. Strassburg. Truebner, 1895.

*Schwiedland. Travail en chambre et police sanitaire. (Revue d' Economic politique, 1900, p. 230.)

and the tailors.* But it is none the less true that in most cases home workers are worse treated than factory workers; and what we have just said of work in the cities applies equally, and sometimes with an aggravation of wretchedness, to home work in the country.

"It is there," said a Liberal deputy in the parliament at Vienna, "It is there that pauperism increases far beyond its increase among the small industries of the cities; it is there that the workday reaches eighteen hours, without bringing the workers anything more than potatoes; it is there that anaemia and plagues sweep over whole valleys."**

If then the collective factory, or, rather, collective manufacture, succeeds in maintaining itself, if in spite of its lower technical efficiency it resists the formidable competition of the centralized factory, it is at the cost of the deep degradation and demoralization of the workers it employs. We should therefore desire, and even favor by legislative means,*** the transformation of these degenerate forms of individual production into the highest forms of social production.

Those inclined to optimism may hope that this transformation will be the work of co-operative societies, grouping the home workers and finally acquiring sufficient machinery to compete successfully against capitalist industry. But in the cases which are unhappily of such infinite number where such a hope seems

*On the organization of the "United Glove-workers" in Brussels, see E. Vandervele, *Enquete sur les Associations professionnelles d'artisans et d'ouvriers en Belgique*, Vol. I., pp. 50 and foll. (Brussels, Office de publicité, 1891.)

**Schwiedland. *La repression du travail en chambre*. (Revue d'Economie politique, 1897, p. 520.)

***For information concerning legislative measures proposed for the suppression of the home industry, see also "Ziele und Wege einer Heimarbeitgesetzgebung" (Wien, Mantz, 1899), by the same author.

altogether chimerical, it should still be regarded as a real advance, technical and social, if the exploitation of home workers by the capital of the merchant can be replaced by the exploitation of laborers in the workshop or factory by industrial capital.

III.—The Small Retailers.

In spite of the growth of the department stores, which Zola describes in so masterly a fashion in "*Le Bonheur des Dames*," in spite of their disastrous encroachment on the surrounding shops, the number of the small retailers, of all kinds, far from declining, seems, according to recent census reports, to be constantly increasing.

At the last meeting of the Verein fuer Sozial Politik (Breslau, 1899), W. Sombart stated (and supported his position by figures) that their number is increasing more rapidly than the population.* For one that disappears, ruined by the capitalist bazars, ten appear in other branches of trade on other places, in the country, or in the suburbs of large cities. They are ordinarily old servants or workingmen who have saved up something, or else artisans whose situations have become intolerable, and in the villages farmers who have wholly or partly given up farming.

To these must be added a great number of clerks and salesmen who, finding themselves out of a situation, or desiring to marry, establish themselves on their own account, often with manifestly insufficient resources. The possibility of supplying themselves too easily, in consequence of competition, with merchandise on credit, leads to the invasion of certain

*The census of professionals in the German empire for 1882 gives 1,364 merchants for 100,000 inhabitants; that of 1895 gives 1,502. In many towns the proportion has nearly doubled since 1870. On the numerical increase of commercial exploitation see Bernstein, *Die Voraussetzungen des Sozialismus*, pp. 60 and foll.—Bernier, *Die Konzentration der Betriebe in Oesterreich* (Neue Zeit, July 22, 1899), p. 518.

cripples of capitalism, of the hard labor of producing the middleman, or who, for revenue in industry or for their bow by opening a particular what explains the taverns of all sorts—the ease to start—in all the countries.

But it would be a serious these miniature establishments characterize as distinct, generally regarded as the persons carry them on. A great number constantly increasing, as only a phantom of independence the hands of a few great makers or merchants.

With rare exceptions, almost all, with a view to extending greater or less number of sales, quickly showed that to make the sale of gin was much that of beer, a number of business wholesale dealers in London. It is this which explains the

whereas they seem at first sight to have every motive for supporting measures which tend to restrain the consumption of gin and consequently to increase the consumption of beer. The contrast between the real situation and the apparent situation which exists for the liquor trade, considered with reference to the degree of capitalist concentration, is found likewise in many other branches of retail trade.

In the cities of Holland, for example, most of the bakeries are only depots supplied by the capitalist factories. At London, Macrosty, in an article in the *Contemporary Review*, March, 1899, shows that the cheap restaurants are found to be in the hands of four or five firms. The milk trade is in the same condition. The drug and the cigar business are undergoing the same fate; a single company owns a hundred cigar stores.*

To sum up, then, the countless business enterprises which figure in the census reports can be grasped in three classes:

1. Those which, while they count as statistical units, are nothing but agencies,—branches of large capitalist or co-operative enterprises.

Those which furnish the manager only a supplemental income, helping out his wages.

Finally, those which really constitute independent enterprises, of which the stock in trade belongs to the little retailer.

If the total number of commercial establishments is certainly increasing, it is much less certain as to the profits of this last class, the only one which stands out from the point of view of the union of capital and labor, are tending to multiply.

Their number is increasing, with the specialization of trades, in fields where the economy of ex-

ky. Bernstein und das sozialdemokratische Programm. 65.

44 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

changes is developing at the expense of the domestic forms of production. A village, once purely agricultural, whose inhabitants baked their own bread and traded their butter and eggs for merchandise at the store in the next village, now possesses its bakery, its grocery, or at the very least, one of those miscellaneous stores where they sell yardsticks and colonial goods, saucepans and almanacs, blacking and red herrings, corsets and straw hats. But if, in rural neighborhoods, commercial concentration operates to increase the number of shops; in the cities, on the contrary, the development of the co-operatives and especially of the department stores, some of which like the Bon Marché or the Louvre, employ several thousand people, inflicts upon the small retailers a damage which is measured first by the reduction of their profits and later in some branches of trade by a reduction in their numbers.

Nevertheless, there is no doubt, and it is one of the most serious defects of the present system, that the small retailers retain a numerical importance out of all proportion to the services that they render the community. Many striking examples have been given of what the parasitism of middlemen costs the public, from the Normandy apple, selling at Paris for sixty times what it costs where it is grown,* to the litre of wine from the south, which brings fifteen centimes to the owner of the vines and is sold for seventy or eighty centimes at the wine-shop. (This is about fourteen cents a quart. By the time the same wine reaches America, the retail price is a dollar a quart.—Translator.) Again, we learn from the *Economiste Français* that the average price for fifty kilograms of coffee, which reached 103 francs in 1893, had fallen to 39 francs in 1899; now, this reduction of two-thirds

*Gide, *La co-operation*, p. 284. (Paris, Larose, 1900.)

has had no effect on the retail price; only the middlemen have profited by it. Brazilian coffee, which does not cost in France, all charges paid, more than 2½ francs per kilogram (25 cents per pound) is currently retailed at 4 to 5 francs, while its purity is not always absolute. Those who profit by trading in this article tax it more heavily than does the custom house.*

Moreover, in spite of these profits, so burdensome to their customers, the small retailers are so numerous that, especially in the branches invaded by large-scale business, there are thousands on the verge of bankruptcy. It has been well remarked by Charles Gide that if every baker baked but one sack of flour a day and if on that sack he had to live and pay his rent, his taxes and his helpers, he would have to raise the price of every loaf and still he would live most cheaply. All this proves that our machinery for distribution is detestable and justifies the severe condemnation pronounced years ago by the Utopian socialists against the useless multitude of petty retailers.

"Commerce," said Considerane, "is useful only to serve the needs of production and consumption; it should be the servant of the other two branches. *

* * Its role is subordinate. Unproductive in its nature, it adds nothing either in quantity or quality to the objects which pass through its hands; its operations ought to be conducted with the smallest possible number of agents. Now this is realizable only by means of an administration which puts the producer directly in touch with the consumer and suppresses all the intermediate robbers and parasites."

*For the existing relations between wholesale prices and retail prices see Newman's "Wholesale and Retail Prices," in the *Economic Journal* for September, 1897.

and the little independent
eve of disappearing and w
izing the union of propert
no thought of using compu

But however numerous t
may be in certain countries
branches of industry, it is i
general rule the developme
eliminate the independent
their capital, or, at least, t
independence.

From the moment when t
sufficient extent, the advan
of manual skill, of zeal fo
direct and personal interest
suffices to compensate for t
vantages of the division of
edge of the outlets for the p
more abundant capital. St
branches of production, alv
in which technical progress
the reign of the machine.

*Cf. Kautsky: "Das Erfuter
(Stuttgart, 1892.) Frederick E
Frankreich und Deutschland" /

Nothing is more striking in this regard than the valuable American investigation of 1898 on the comparative productivity of hand and machine labor.* These researches, truly admirable for their precision, have borne on 672 kinds of products, industrial or agricultural. Each kind is minutely analyzed in Carroll D. Wright's report, from the quadruple point of view of the number of workers, number of operations, hours of labor and dollars paid for labor, necessary to produce the same product, first, by hand; second, by machine.

Let us limit ourselves to quoting a few typical examples which show in a striking manner the overwhelming superiority of the machine:

1. Making of ten carts.

By hand: 2 workmen performing 11 distinct operations and working in all 1,180 hours, paid \$54.46.

By machine: 52 workmen, making 97 operations and working in all 37 hours 28 minutes, paid \$7.90.

2. Making of 500 pounds of butter:

By hand: 3 workmen, 7 operations, 125 hours, \$10.08.

By machine: 7 workmen, 8 operations, 12 hours 30 minutes, \$1.78.

3. Making of 1,000 watch movements:

By hand: 14 workmen, 453 operations, 341,896 hours, \$80,822.

By machine: X workmen, 1,088 operations, 8,343 hours, \$17.90.

4. Making of 500 yards of twilled cottonade:

By hand: 3 workmen, 19 operations, 7,534 hours, \$135.61.

By machine: 252 workmen, 43 operations, 84 hours, \$6.81.

5. Making of 100 pairs of cheap boots:

*Thirteenth Annual Report of the Commissioner of Labor, 1898 (Washington, 1899).



48 COLLECTIVISM AND INDUSTRIAL EVOLUTION

By hand: 2 workmen, 88 operations, 1,436 hours, \$408.50.

By machine: 113 workmen, 122 operations, 122 hours, \$35.40.

6. Making of 1,000 pounds of bread in one loaf:

By hand: 1 workman, 11 operations, 28 hours

By machine, 12 workmen, 16 operations, 81 minutes, \$1.55.

7. Making of 12 dozen men's jackets:

By hand: 1 workman, 4 operations, 840 hours, \$50.40.

By machine: 11 workmen, 8 operations, 971 minutes, \$12.80.

Such figures need no comment; they trace in plainest of fire the inevitable destiny of the master shoemakers, bakers, watch-makers, who produce specialties or articles of luxury.

In spite of the desperate efforts of the small class to preserve even a shadow of independent hand labor for producing all the objects of consumption is disappearing more and more machine production, subjugating an increasing number of wage laborers.

In Germany, for example, from 1882 to 1907 the number of independent producers in the manufacturing industries diminished by 139,382, while the number of industrial laborers increased by 860,000.

If now we reckon all the professions, in the commercial and agricultural, there is, since 1882, an absolute increase in the number of producers independent or call themselves so, as well as employes and laborers, but while this increase is 1 per cent for the independent producers, it is 41 per cent for the laborers and 100 per cent for the employees. More than three-fourths of the newcomers in the world of labor belong to the wage-working class.

even in the total of the professions, the proportion of those working for wages is sensibly increasing at the expense of the independent producers.*

This is shown by the following table, which we borrow from M. Rauchberg:

	Independent producers.		Persons working for wages.	
	1882.	1895.	1882.	1895.
Agriculture	27.78	30.18	72.22	69.02
Manufacturing	34.41	24.90	65.59	75.10
Commerce	44.67	36.07	55.33	63.93
Totals	32.03	28.94	67.97	71.06

Thus, in spite of the reduction in the number of farm laborers, of permanent day laborers, drawn in by the tentacles of the cities, the relative importance of the proletariat goes on increasing.

Must we then say that fatally, inevitably, all the independent producers are condemned, in a future more or less near, to be transformed into wage-workers.

We have said elsewhere that a very different evolution may be conceived, that personal property may be transferred into co-operative or social property, without necessarily passing through the capitalist stage.** On the other hand, it appears clearly that in a great number of cases, if personal property tends to disappear, the higher forms of capitalist production, in spite of the advantages which they offer from a rational point of view, are scarcely at a stage to elimi-

*See Rauchberg. Die Berufs-und Gewerbezahlung im Deutschen Reich vom 14 Juni, 1895. (Braun's Archiv fuer soziale Gesetzgebung, 1899, pp. 611 and foll.)

**See a report presented to the agricultural congress of Waremmes on small rural proprietorship, in Vandervelde and Destree's 'Socialisme en Belgique,' pp. 359 et seq. (Paris, Glard Briere, 1898.)

50 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

nate the lower, stagnant, miserable forms of home industry, of small farming, of retail trade.

The parasitism of middlemen, the sterile profusion of trades catering to luxury, the horrors of the sweating system, the working of petty tracts of land with their "proprietors" with five-cent incomes, all these are products of capitalism, and it seems as if they might have to last as long as capitalism itself.

Perhaps, also, certain branches of independent production, some relics of peasant proprietorship, are destined to survive it. Nothing hinders us, indeed, from imagining a socialist state in which individual property and labor should co-exist with collective property and labor.

But however that may be, the certain fact is that in the principal industries, those which answer to the most general and the most extended needs, the superior productivity of machinery and exploitation on a large scale tend to the extinction of personal property and isolated production. And the same causes bring their consequences; the capitalist forms of production and exchange, which characterize the present organization of labor, manifest an ever-growing tendency toward concentration and socialization.

CHAPTER II.

THE PROGRESS OF CAPITALIST PROPERTY.

"Monopoly expands, ever expands, till it ends by bursting."—Proudhon.

To the first phases of the concentration of capital—expropriation of independent producers, transformation of trades into factories, collective or centralized, replacing of manufacture by machinofacture—a new phase succeeds, characterized by the struggle of the great capitalists against the small ones.

In the most developed branches of industry and trade, the number of enterprises diminishes, in proportion to the increased importance of those which survive. Collective production replaces individual production; associated capital succeeds the isolated capitalists; it is the reign of corporations and combinations of corporations—"gentlemen's agreements," pools and trusts—ending in the organization of gigantic monopolies, national or international.

I—CORPORATIONS.

Corporations are found to-day in almost all branches of industry, and yet, at the end of the eighteenth century, Adam Smith, in a famous passage, applied to them the same language that is applied to-day to those who predict the socialization of the great industries.

"The only trades which it seems possible for a joint stock company to carry on successfully, without an exclusive privilege, are those of which all the operations are capable of being reduced to what is called a routine, or to such a uniformity of method as admits of little or no variation. Of this kind is, first,

52 COLLECTIVISM AND INDUSTRIAL EVOLUTION

the banking trade; secondly, the trade of insurance, from fire, and from sea-risk and capture in time of war; thirdly, the trade of making and maintaining a navigable cut or canal; and fourthly, the similar trade of bringing water for the supply of a great city.*

Banks, insurance, management of navigable channels, water works, are so many industries which are already transformed or will shortly be transformed into public services, while the domain of corporations extends far beyond the narrow limits assigned by Adam Smith,—so true it is that the utopia of to-day often becomes the reality of to-morrow. So it is not useless to recall that the arguments directed against collectivism are exactly those which were formerly opposed to corporations.

At the time when a number of joint stock banks were being established in England, an Englishman of experience, himself a banker, Lord Overstone, expressed doubts as to their success, for reasons which vividly recall the present objections to government banks: "I think," he said, "that everything necessary for the conduct of the affairs of a bank, unless it be a more divided responsibility, is lacking in joint stock banks. The affairs of a bank require the constant, daily presence of persons particularly attentive to all the details and watching carefully hour by hour over all its affairs, something that no other business requires. There is need also of prompt, immediate decisions, whatever circumstances present themselves, and in many cases these decisions are of so pressing a nature that they cannot be deferred for consultation; moreover, each particular circumstance requires a different treatment. Joint stock banks would be obliged to entrust their interests to agents, who would have to be tied down by certain general rules; these agents

*Adam Smith. *Wealth of Nations*. Book 5, Chap. 1., Part III.

will not have the power to act like the private banker, according to the insensible gradations presented by the character and the responsibility of the parties; neither will they be able to take it upon themselves to regulate the credit that it is well to extend to houses temporarily embarrassed, because they will not have the means of assuring themselves with enough certainty of the favorable or unfavorable conditions which each affair presents."*

In spite of these observations, so conclusive at first sight, the joint stock banks,—thanks to the superiority which a very large capital gave them—are more and more out-distancing the more modest individual houses: in 1896 there were in England 102 joint stock banks with 2,695 branches and agencies, £450,000,000 of deposits, and a capital stock of more than £43,000,000. On the other hand, the private banks had declined from 201 in 1844 to 38, with £70,000,000 of deposits and a capital of less than £12,000,000.**

The same evolution also is manifest in all industrial countries, as in all the most important branches of production and exchange. Everywhere the impersonal enterprise on a large scale is developing at the expense of private firms and of small production.

These results are unmistakably shown for the German Empire*** by comparing the industrial census of 1882 with that of 1895.

In England, according to the joint stock year book,

*Quoted by Leroy-Beaulieu. *Traite d'Economie Politique*, IV., p. 499. (Paris, 1896.)

**On the causes of capitalist concentration in the banking business, see Steele: *Bank Amalgamations* (the *Economic Journal*, December, 1896).

****Berufs- und Gewerbezahlung im Deutschen Reich* (June 6, 1882, and June 14, 1895).

On the interpretation of the statistical facts contained in these census reports, regard to industrial concentration, see the chapter of Kautsky, "Grossbetrieb und Kleinbetrieb," in "Bernstein und das sozial demokratische Programm," pp. 49 to 80.

54 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

the number of the corporations has almost trebled since 1895. Whole industries have passed from the individual form to the corporative form. That was the case notably with the breweries, the transformation of which was almost completely effected in the space of three years: 1886-1889.*

In the United States the bulletins published by the departments of labor reveal the same tendencies. In Massachusetts, for example, the number of private firms, in all industries taken together, increased only 9.33 per cent during the decennial period, 1885-1895, while the increase of corporations exceeded 77 per cent.

And in the nine principal industries, which alone represent more than 47 per cent of the total value of goods manufactured, the development of the corporate form is accompanied by a sensible reduction in the number of private firms.** This can be inferred from the table given on the opposite page.

*See the interesting article of John B. C. Kershaw in the *Fortnightly Review* (May 1900): Joint stock enterprise and our manufacturing industries.—Among the causes of the passing of a large number of private firms to the corporative form the author mentions: (1) The appearance of professional promoters on the scene; (2) the decrease of profits during economic depression; many industrials endeavored to combine their lines of business in corporations when they realized that the time of large profits was over; (3) the growing strength of trade-unions; the industrial leaders understood that the best policy for preventing the growth of a public sentiment favoring the encroachments of labor too much would be to increase the number of bourgeois interested in industrial affairs: A large and increasing proportion of the general public is now financially involved in all the struggles between capital and labor and our manufacturers feel assured that the danger of seeing the workmen sustained by a solid and enthusiastic movement of public opinion, in their demands for shorter hours and higher wages, no longer exists to-day" (p. 821).

**The annual statistics of manufactures, 1897. (Twelfth report, in the *Bulletin of the Department of Labor*. September, 1898, Washington, 1899.)

Table showing the progress of capitalist concentration in the manufacturing industries of Massachusetts from 1885 to 1895:

INDUSTRIES	PRIVATE FIRMS.	CORPORATIONS.	TRUSTS, SYNDICATES, RAILROADS.	TOTAL OF CONCERNS.	PARTNERS IN PRIVATE FIRMS.		STOCKHOLDERS.	
					NUMBER.	PERC. OF INCREASE OVER 1885	NUMBER.	PERC. OF INCREASE OVER 1885
Footwear.....	1,990	84		2,074	2,645	(a) 12.82	1,023	145.91
Tapestry.....	5	9		14	7	(a) 81.73	1,067	13.87
Cotton.....	43	145		188	72	(a) 25.77	22,113	52.93
Leather.....	180	20		200	(b) 780	(a) 10.56	(c) 91	637.74
Machinery and parts.....	500	153		653	712	(a) 5.94	5,223	194.92
Metal and metal-ware.....	2,161	147	1	2,309	2,540	(a) 21.23	3,935	42.26
Paper and stationery.....	68	91	1	159	123	(a) 25.90	1,653	39.98
Wool.....	121	45		166	190	(a) 24.00	1,268	35.04
Dyed wool.....	17	14		31	36	(a) 50.00	497	104.53
Other industries.....	19,494	917	52	20,463	22,256	17.86	20,011	.27
Total.....	24,579	1,625	61	26,265	30,370	7.34	57,191	33.84

(a) Decrease.
 (b) Including 473 partners of private firms in the saddle and harness industry.
 (c) Including 113 stockholders in the saddle and harness industry.



56 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

It may also be inferred from this table, which represents a nation most highly developed industrially, that the concentration of capital operates with a very unequal intensity in the different branches of production. But wherever capital penetrates, the struggle for existence between enterprises shows itself.

Those less fully equipped resist with the energy of despair. They make superhuman efforts to escape from bankruptcy, and to make up for their technical disadvantages, they economize on hand-work and prolong the labor day beyond the limits prescribed by humanity.

At this stage of development, production is absolutely anarchistic, and the irresponsibility of individuals stands out in bold relief.

A political event brought about at the other end of the world, a war, a poor crop, an improved process, a change in the law of tariff or bounty may, from one day to the next, ruin the most intelligent and prudent manufacturer.

The Boers besiege Kimberly; that is a disaster for the diamond-workers of Amsterdam or of Anvers.

Raw American cotton goes up two cents a pound (November, 1899), and cotton mills find themselves in a crisis in the midst of general prosperity.

M. Mellne's protectionist policy triumphs: the vine-growers of Hoeylaert-lez-Bruxelles, the principal purveyors of forced grapes for French tables, suddenly see their principal market closed.

Suppose that to-morrow the countries of the continent were to suppress the excise franchises and the export bounties which they grant sugar manufacturers, obliging us to pay twice as much for this product as do the English who buy it of us: that means ruin for the English manufacturers of biscuits, confections, syrups and jams, who now profit by the sale of sugar at a very low price in the London market.

Suppose, on the contrary, that the Anglo-Saxon imperialists, to protect the manufacture of cane sugar in the colonies, impose heavy import duties on beet sugar manufactured in Europe: that means the ruin of the sugar industry on the continent.

Capitalists are thus living under the perpetual menace of inevitable disasters, and, to put the finishing touch on our industrial anarchy, it often happens that the most powerful among them, those who have the most "sand,"* try to make themselves masters of the field, and destroy the capital of their competitors, by selling their products for some time below cost. Instance the well-known story of those two American companies, which each sought to monopolize the transportation of cattle, by cutting rates. Finally one of them, so goes the story, not being able to go lower, bought up all the cattle within reach and shipped them over the rival line.

It is by resorting to such proceedings that John D. Rockefeller, the oil king, succeeded in getting hold of the iron mines of Lake Superior. Having acquired the richest deposits, and employing the most perfect technical processes, he became a formidable competitor to the neighboring mines. If they succumbed in the struggle, he bought them in at low prices, if he thought them rich enough. "If they resisted too long, he applied the process of 'underselling;' he sold below the market, thus forcing them to lower their prices in a way ruinous for them, until bankruptcy or voluntary submission had placed them at his feet. He could for his part without embarrassment lose for several months, if necessary, on every ton of mineral sold. He had the longer purse. He knew that the

*French "estomac;" our American slang seems to be a fair equivalent.—Translator.

resources of his competitors would be exhausted before his own."*

Such activities constitute, we may add, in different degrees of brutality, the current coin of the relations between capitalists.

Some one may say that the consumer profits by it, that "when thieves fall out, honest men get their dues."

Yes, till the moment when the victors, relieved of their rivals, reimburse themselves liberally for their temporary losses by charging up the cost of the war to the public.

Competition, says Proudhon, kills competition.

Sooner or later comes a time when the inconveniences of this state of things, of this permanent anarchy, become such that the capitalists are forced to end it by agreements between the producers. When there remain only a small number of well-armed competitors, confronting each other in battle array, their course is to treat together, to cease a useless and burdensome war, to come to terms with those whom they might not succeed in crushing.

Then begins a new phase of capitalist evolution: the regime of cartels and trusts.

2. CAPITALIST MONOPOLIES.

The passage from anarchy to monopoly presents two successive stages: the former, incomplete fusion (agreements, rings, pools), the latter complete fusion (trusts) of the industrial or commercial enterprises.

I. Agreements.

The agreement (cartel) is a free and voluntary coalition contracted by houses in the same line with a view to monopolize the market in common while preserv-

*Paul de Rousiers. *Les industries monopolisées aux États-Unis*, p. 188. (Paris, 1898.)

ing to their several enterprises a greater or less autonomy.*

Proceeding from the simple to the most complex we may distinguish four species of agreements: Agreements as to price, agreements as to production, agreements as to marketing, and agreements as to division of profits.

I. Agreements as to price.

The agreement as to price is the most rudimentary form. It is an alliance or convention by which a portion or all of the industrial enterprises in the same line of production bind themselves to buy their raw material at a uniform price, or to sell their finished products at a price agreed upon.

As an example of an agreement as to purchase, instance the sugar manufacturers who impose a single price upon the farmers who furnish beet roots.

As to agreements regarding selling price, they have been more numerous for some years, especially for products which are bulky and expensive to ship and which, consequently, cannot be sold to advantage outside a certain radius. The producers profit by this fact to raise their prices without having to fear the competition of enterprises too far away to enter into an efficient competition.

Every one knows, for example, of the agreements regarding coke or coal which exist at the present time in all countries. In Belgium, notably, the understanding between all the mine owners has been complete for many years as far as domestic coal is concerned. As for soft coal, that black bread of industry, the mining companies have recently formed syndicates whose dominance weighs heavily upon the rest of the industrial world. It became necessary for the administration of the railroad department, in order to

*Liefmann. Les caracteres et modalites des cartels. (Revue d'Economie politique. July, 1899.)

lower the excessive claims of the coal barons, to place orders in England and—characteristic sign of the times—for the senatorial commission of industry, in the hope of preventing a recurrence of such conditions, to authorize the working by the state of a certain number of coal mines.

2. Agreements as to production.

The agreement as to production is one by which the heads of industries pledge themselves to restrict their product in a degree determined upon.

This form of agreement is made very frequently in the glass industry, the sugar industry, the distilling industry, etc.

In the course of November, 1899, the agreement as to production formed by cotton spinners took in 760,000 spindles out of a total of 886,000 spindles existing in Belgium.

"With a view"—we quote from the *Revue du Travail**—to remedying the crisis produced by the depressing influence of a stock abnormally swollen and to prevent a stoppage in manufacture which would make itself necessary within a longer or shorter time, the Cotton Association of Belgium decided that a large number of spinners should work 'short time' in a part of the factory in such a way as to reduce the product by one-sixth."

Agreements of this sort are the logical consequence and, indeed, the only condition of permanence of agreements as to price; as long as production is not limited agreements relative to price cannot be lasting.

In a general way, moreover, we may say that the consolidation of industries by agreements constantly menaced by external competition or internal treachery is almost always subordinated to a transfer from a simpler form to forms that are more complex.

**Revue du Travail*, December, 1899, p. 1298.

3. Agreements as to market.

The agreement as to market does not confine itself to fixing prices and limiting production. It is specially characterized by the partition of custom and of orders according to geographical lines. "Spheres of influence" are established for each industrial factory, each one may do as he pleases in his district, but he must not impinge on the district of his neighbor.

The most remarkable type of this form of agreement—more and more diffused notably in the coal and metal industries—is the syndicate of Rheno-Westphalian mines. Whoever wishes to buy Rheno-Westphalian coal, directly or indirectly, finds himself no longer in the presence of competing companies, but of one single company delegated by the syndicate to fill the order in question. There is then a division of orders according to their source, but there is not yet—as we shall find in the most developed order of agreements—a division of profits.

4. Agreements as to division of profits.

These agreements, known under the name of pools in England and the United States, leave the enterprises distinct and allow their members a certain autonomy, but the profits are divided pro rata to the capital employed by each.

As a type of this form of syndicate we might instance the Dynamite Trust Company, which has consolidated most of the English and German dynamite factories and has concluded an agreement relative to the division of profits with the other dynamite and cannon powder factories situated in these two countries.

In agreements of this kind the socialization of industry is almost complete, but however powerful and however strongly organized these vast factories may be, there still remains the possibility of internal dissensions and competition on the part of new compa-

nies. And especially in commercial lines where the greater part of the capital is circulating rather than fixed, as in manufacturing, these competing companies may spring up from one moment to the next. Thus, it is necessary to oppose to this contingent competition an organization so solid and capital so powerful that the crushing out of new enterprises may be always possible.

II. The Trusts.

We thus arrive by insensible transitions at the moment when the agreements more or less complex culminate in Trusts; that is to say, in the fusion of associated enterprises.

Every one knows that from now on this is the dominant form in the United States, where the development of capitalism has not met the obstacles which are opposed to it in Europe by the remains of former social structures.

"Everything is more and more organized into trusts"—said a citizen of Chicago to Paul de Rousiers, who was gathering documents and facts for his book on the monopolized industries in the United States. "See these immense department stores, which sell kitchen utensils, shoes, furniture and linen; they are destroying small trade; they are making competition impossible. They are reducing to the situation of employees people who might have directed an independent business. See these colossal structures in iron and brick, business buildings twenty stories high, filled with thousands of offices, counting houses, banks, thus giving to the land which supports them and to neighboring land an enormous value to the detriment of other land which does not find an occupant, on account of the excessive piling up of stories in the business quarter of the city. See those gigantic packing houses, where all the work of slaughtering and pre-

ving meats is carried on. The retail butcher has appeared among us, the refrigerating cars transport quarters of dressed beef into all the cities of the nation, where they are sold in meat markets. Four men, the Big Four, destroy the butcher business in America. Look at the great mills of Minneapolis, which are centralizing the flour of the Northwest.

Our great railway companies, which are destroying or absorbing the small rival companies. Look at petroleum, sugar, whisky, twine, anthracite, glue, flaxseed, linseed and cotton seed oil, India rubber, etc., monopolized by a few individuals."*

According to the Annual of the Journal of Commerce and Commercial Bulletin of New York (March, 1899) there were at this time in the United States trusts of varying importance with a total capital \$5,832,882,842.

The most formidable of these trusts were the Joint Traffic Association, capitalized at \$1,404,000,000; the Mining Coal Company at \$150,000,000; the Western Union at \$95,400,000; the American Sugar Refining Company at \$75,000,000; the Standard Oil Company \$100,000,000; the Wholesale Grocers' Association New England at \$75,000,000; the Central Lumber Company at \$70,000,000. Since March, 1899, many new trusts have been formed so that in the month of May, 1900, in an article published by the Review of Reviews, an author came to the conclusion that if one were to add up the capital of the different trusts operating in various places, but legally incorporated in the United States, it would certainly reach a figure which would not fall far short of the unheard-of figure of ten billion dollars, ten times the value of the war indemnity paid by France to Germany after the disasters of 1870."

* Paul de Rousiers. *Les industries monopolisées aux États-Unis*, p. 2. (Paris, Colin, 1898.)

64 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

Among these giant organizations, the most characteristic and those which have served as models for all the others, are, without doubt, the oil, sugar and steel trusts.*

The Standard Oil Company, which dates from 1872, controls all the pipe lines, hundreds of miles in length, which connect the places of production, the oil fields of Pennsylvania and Ohio, with the refineries situated on the Atlantic coast or on the banks of the great lakes. All these refineries are the property of the trust. Nine persons are the owners of its gigantic capital of \$100,000,000. Their monopoly, against which all repressive laws have dashed themselves in vain, is almost absolute. Moreover, it is believed that the American trust, entering a theater still more vast, has concluded an understanding with the owners of the oil fields of Galicia and the Caucasus—a triple alliance of a new kind, by which the Rockefellers, the Rothschilds of London and the Rothschilds

*Ibid, pp. 16-77 and 130-153. The conclusion in du Roussier's book, with all its wealth of evidence, stops considerably short of socialistic conclusions. The author, in fact, attributes the development of the trusts either to the special conditions of certain industries (as oil refining) or to the influence of protective tariffs (sugar refining, etc.). A refutation of this thesis by a non-socialist author will be found in the address delivered by Prof. W. J. Ashley, at the annual dinner of the British Economic Association, March 22, 1899 ("The American Trusts."—*Economic Journal*, June, 1899). After showing that the tendency toward monopoly exists in all industrial countries and in no way constitutes a phenomenon peculiar to the United States, Ashley concluded in these terms: "Long before we arrive at the socialist state, supposing we ever do, the fundamental difficulty of socialism, the distribution of the social product, without the aid of competition, will, under some form or other, be added to the cares of every practical politician." The orator insists, in closing, upon the necessity of studying the monopolization of the great industries in England, where, in spite of the abundance of facts, the literature upon this question is very meager. See, however, Macrosty's article, "The Growth of Monopoly in British Industry" (*Contemporary Review*, March, 1899).

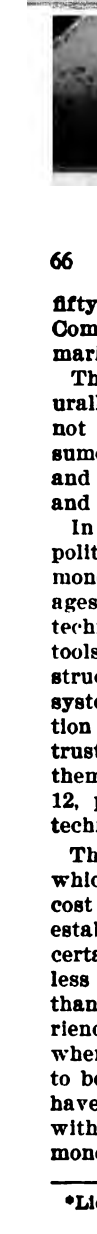
of Vienna have divided among themselves the European market.

The sugar trust, or, to speak more accurately, the American Sugar Refining Company, formed under the protection of formidable protective tariffs, monopolizes today the entire industry, whereas in 1880 there were in the United States 49 firms, with a capital of \$27,500,000. To consolidate this monopoly, the trust bought railroads and factories of every kind; it is, moreover, interested in numerous other enterprises, such as the flour trust of New York and Minnesota, the department store trust of Brooklyn, street railways in Providence, several railroad companies and a number of banks.

The steel trust owes its foundation, at the opening of 1897, to the alliance between Carnegie, the famous Pittsburg steel manufacturer, and Rockefeller, the oil and iron king.

Carnegie already occupied the front rank among the makers of Bessemer steel; he was at the center of the richest coal basin of Pennsylvania, that promised land of carbon. If the minerals from Lake Superior could be laid down at Pittsburg on as favorable terms as at Chicago or Cleveland, his competitors were done for.

On his side, as we have seen, Rockefeller had acquired the magnificent iron fields of Lake Superior. He had bought railroads, built docks, and equipped a fleet of enormous ships specially adapted for transporting minerals. At the end of 1896, this fleet was in condition to wage a ruinous competition against the antique structures previously used for transporting minerals. "The king of the iron mines," says De Rousiers, "could give his hand to the steel king and with him could despise any possible competition." Into these conditions came the Rockefeller-Carnegie combination: the Lake Superior Company leased for



66 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

fifty years its mines and its fleet to the Carnegie Company, which thenceforth absolutely controlled the market.

The consequences of this concentration have naturally been bad for the other producers, but it can not be said that they have been bad for the consumers; while realizing enormous benefits, Carnegie and Rockefeller have been able to reduce their prices and undertake the conquest of the European market.

In a general way it may also be said that the grave political and social inconveniences of these great monopolies are partially made up for by the advantages of the socialization of labor, and the superior technique of production on a vast scale. Defective tools, antiquated methods, superannuated industrial structures disappear, crushed by the competition or systematically suppressed by the actual administration of the trusts. Thus, for example, the whisky trust, which had included 80 factories, closed 68 of them at once, to concentrate production in the other 12, provided with all the improvements of modern technique.*

Thanks to these processes of artificial selection, which end, in the last analysis, in diminishing the cost of production, it often happens that the trusts, established with a view to raising prices, end, after a certain time, by lowering them. But it remains no less true that at the start the consumers pay more than they paid before—our housekeepers have experienced this in the case of kerosene, and that later, when the advantages of large-scale production begin to benefit them, they still pay more than they would have to pay, if the products they buy were not loaded with heavy taxes for the benefit of the capitalistic monopolies.

*Liefmann, l. c. (Rev. d'Econ. pol., 1899, p. 657.)

As an American paper said recently, it will soon be so that we can neither drink nor eat, nor dress, nor consume anything whatever without paying tribute to some trust.

Suppose, for example, that you were dining in some New York or Philadelphia restaurant. The waiter brings the "eye-opener:" the cocktail, the principal element in which is whisky, is controlled by the whisky trust (capital, \$35,000,000). The soup is from the Chicago beef trust (\$100,000,000); the oysters from the newly established oyster trust (\$5,000,000). You ask for relishes—radishes, celery, olives—get your tribute ready for the Farm and Dairy Product trust (\$15,000,000); with the fish appears the Fish trust (\$10,000,000); with the roast, the Fowls trust (\$20,000,000). The dessert arrives; the pudding is a product of the American Flour Company (\$120,000,000); the fruits, of the American Fruit Co.; the biscuits, of the National Biscuit Company; the ices, of the American Ice Cream Company. If you are pleased to drink a cup of coffee or smoke a cigar, do not forget the Coffee syndicate (\$60,000,000), and the Tobacco trust (\$75,000,000). Quite a number of trusts at once.

And what is true for the table is no less so for the other necessities of life. With an increasing swiftness, the trusts, thanks to their superior productivity, are invading all branches of industry, ceaselessly consolidating their triple dominion, economic, social and political. For it is not only the consumers but also and especially the workers from the social point of view, and the mass of the citizens, from the political point of view, who experience the various ills of a system where everything contributes to build up the supremacy of the great capitalists.

It is indeed beyond doubt that the concentration realized by the trusts, while increasing the cohesion of the employers and swelling the reserve army of

68 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

labor, weakens to that degree the relative power of the labor unions.

On the other hand, when the workingmen, realizing that economic means do not alone suffice to assure them victory, turn to political action, they find themselves in the presence of the plutocracy of the ruling classes, occupying all the positions, trafficking in all the laws, inspiring all the resolutions of a parliamentary or administrative body which is too often servile and corrupt. It is the trusts which rule in the White House, deliberate in the houses of Congress, regulate the protective tariff for their own profit and decide as a court of last resort on the nation's foreign policy.

But however odious their tyranny, however revolting may be the abuses of capitalistic appropriation, it should not be forgotten that the great monopolies, by centralizing the forces of production, are making ready for the coming of a new system. Whoever would restrict their development would thus obstruct the expansion of industry itself; to socialize their advantages should be the end to pursue. This has been well expressed by Daniel De Leon, an American collectivist, in the following terms:

"The ladder up which mankind has been climbing toward civilization, the ever more powerful tool of production, is the storm center around which the modern social storm rages.

"The capitalist class seeks to keep it for its own exclusive use.

"The middle class seeks to break it down, thereby throwing civilization back.

"The proletariat seeks to preserve it and improve it, and open it to all."

CHAPTER III.

OBJECTIONS.

"Opportet haereses esse."

—Tertullian.

If we try to take in at a glance the industrial solution we have just described, it seems like a gigantic and persistent effort, tracing its way across the centuries, in the direction of the socialization of labor by the concentration of the means of production and exchange.

This concentration shows itself under two distinct aspects, although generally correlated and reacting on each other: concentration of workshops; concentration of enterprises.

On the one hand, in many industries, the individual workshops, by reason of their technical inferiority, are disappearing or no longer play more than a local or accessory role: the Niebelungen forge makes way for the machine shops of Seraing, the rolling mills of Pittsburg or the cannon foundries of Essen or Creusot.

On the other hand, individual enterprises, ever enlarging the circle of their action, end by giving way to corporations, impersonal or co-operative, which are indispensable for bringing together the capital required for production on a large scale. Then come coalitions, agreements, and finally the trust, the complete monopoly, the unified organization, more or less stable, of production and exchange.

It is this which already exists, to different degrees, in the industries (taking this word in its broadest sense) which are commonly considered as fundamental, either because they answer to essential needs, or because they furnish the raw materials for other

70 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

branches of production, or finally, because they render to the community services having so general a character that they tend to be considered as public services.

Such are, for example, railroad and canal transportation, banks of discount and issue, posts, telegraphs and telephones, insurance, in a word the central organs of the vast appliances which insure, facilitate, accelerate or regulate the circulatory movement of wealth and the relations between men.

Again, among the industries producing raw materials, those which furnish other trades with coal, iron, wood or stone.

Finally, those which manufacture or supply products answering to needs which are most general, most diffused among all social strata: bread and water, salt and sugar, kerosene and illuminating gas, tobacco and alcohol, clothing, shoes, and to a less degree, milk, butter, oleomargarine, butchers' meat, colonial products, drugs, etc.

These different branches employ without doubt the great mass of the working population. If they came under collective ownership, the domain of private industry would be limited enough in extent. Now already many of them are socialized entire or in part: monopolies of salt, tobacco, alcohol, state management of railways, posts, telegraphs and telephones, more or less complete nationalization of banks of issue, with the State sharing in the profits; municipalization of water works, gas, electricity, street railways, slaughter houses; collective or communal property in forests, mines, canals and roads.

As for the fundamental industries remaining in the sphere of private capital, nearly all exhibit—by reason of the large-scale production which the extent of their markets necessitates—a high degree of capitalist concentration: the telegraphs in the United States

are in the hands of two *companies; a few large life insurance companies divide the world among them; the central banks of issue, even when they have not an absolute monopoly, are sweeping the field clear of competitors; the triple alliance of the oil, the sugar and the whisky trust assures the dominance of a handful of capitalists; the metal industry, the coal industry and the textile industry represent the most perfect types of large-scale production. And even in the food and clothing industries, which seem to make an exception to the rule, the great department stores, the co-operative societies and the various forms of technical or commercial concentration, are beginning to eliminate or to bring completely under their control a great number of petty retailers.

Whatever then may be the number of the accessory industries born of the increasing division of labor, it is beyond doubt that in the near future all the fundamental industries will be socialized, at least so far as production is concerned. And this movement of centralization shows itself so incontestably that the very opponents of socialism can not think of denying it. But they contest the general trend of what is being done; they reject the conclusions drawn from it, and, along with certain socialists, they oppose to what they call the dogma of capitalist concentration a series of objections, of which the most important are these:

"1. The number of small enterprises, at least in commerce and agriculture, increases instead of diminishing; we can not then speak of a general law of capitalist concentration in all spheres of production.

"2. Moreover, the concentration of production does not imply the concentration of fortunes; far from reducing itself to the profit of a few magnates of cap-

*Both controlled by one syndicate.—Translator.

capitalism ends in building
classes, one characterized by p
the other by labor without prop

We shall examine briefly wh
be for these different objection

1. Workingmen's Savings. "I
tion of 1892 into the wages and
enables us to appraise at its ju
ist property" which the proletar
savings banks. It shows, in a
total of workingmen's incomes
reau of industry, only 1.8 per
came from other revenues than
Hef.*

Surely, the \$100,000,000 of s
(1898) do not fail to make an
than half a billion francs, some
an immense sum! Yes, but it i
that this half billion is divided
counts, that the largest of the
workingmen's families, and the
counted the average deposit an
an annual income of \$2.52.

Out of each hundred accounts
1 to 20 francs: 19.2 from 21 to
30 francs: 6.9 from 501

Thus, more than 60 per cent of the savings bank accounts were less than 100 francs (\$19.30). Add to this the contents of money-drawers or wool stockings, the sums deposited in private savings banks, the funds of workingmen's associations, the capital invested in cheap homesteads, and you will come none the less to the conclusion that it is bitter irony to try to make proletarians pass for budding capitalists.

2. The Democratization of Capital. "In the Social Democracy," says Edward Bernstein, "the opinion predominates that a concentration of fortunes goes on equally with the concentration of capital. Now this is not at all the case. The working of the impersonal corporation opposes to a considerable extent this tendency toward centralization of fortunes by centralization of enterprises. It permits a considerable division of the capital already concentrated, and renders superfluous the appropriation of capital by a few isolated magnates, in view of the concentration of industrial enterprises."*

We have no idea of denying what truth there is in these observations. It would be a manifest error to identify these two phenomena, concentration of property and concentration of production.

Proprietorship in land may, for example, be concentrating while the land is being rented out in small parcels for cultivation. On the other hand, the creation of great enterprises in the form of impersonal corporations does not by itself prove that the concentration of fortunes keeps pace with the concentration of the means of production; but still less does it compel us to conclude with Bernstein that to the centralization of capital under the form of corporations corresponds a decentralization of fortunes under the form of shares and bonds.

*Die Voraussetzungen des Sozialismus, p. 47.

In his reply to Bernstein*, Karl Kautsky shows very clearly, on the contrary, that the arguments urged in support of his assertion are either not pertinent or else manifestly erroneous.

That the development of large-scale production increases the absolute number of the capitalists, enjoying revenue without work, is undeniable; but at the same time the number of proletarians is increasing in even greater proportions, and this double movement is coming about at the expense of the various categories of independent producers, artisans, small employers, peasant proprietors.

It is true that fiscal statistics are quoted, relative to the income tax, to bolster up the claim that the number of owners of the intermediate class, the small or average bourgeoisie, is increasing instead of diminishing. But, admitting that these statistics deserve the confidence reposed in them, the increase in the number of incomes exceeding the minimum requisite of existence does not at all prove an increase in the number of capitalist proprietors.

These incomes, as a matter of fact, may come from labor and not from property. In Saxony, for example, Herkner, from the fiscal statistics of 1879 and 1894, shows that the two social strata whose relative increase is the greatest are the workingmen of average condition and the group of millionaires.**

*Bernstein und das sozialdemokratische Programm, pp. 80 et s.

**See this table cited by Kautsky, page 88 of the German edition.

Persons having an income of	1879.	1894	Increase.	
			Absolute.	Per ct.
800 marks	828,686	972,257	143,571	17.3
800 to 1,600 marks	165,362	357,974	192,612	116.4
1,600 to 3,300 marks	61,810	106,136	44,326	71.6
3,300 to 9,600 marks	24,072	41,890	17,818	74.0
9,600 to 54,000 marks.....	4,683	10,518	5,835	154.4
More than 54,000 marks..	238	886	648	272.0

The enormous progress of social productivity reacts, in spite of many deplorable exceptions, upon the general well-being; it increases, in a certain measure, the average of wages and of incomes, but it favors in a far larger measure the centralization of fortunes to the profit of the great capitalists; the nineteenth century has not only been the century of the workers, it will also be known as the century of the milliardaires.*

As for the corporations, they permit, it is true, the creation of great enterprises by the accumulation of small sums, but, far from favoring the breaking up of fortunes already concentrated, they tend on the contrary to increase the concentration still more. Thanks to their mechanism, thousands of small owners can invest in the Panama canal or the Transvaal gold mines; but who would dare conclude that these drains on small savings result in distributing fortunes more equally? Is it not evident, on the contrary, that the small fry of stock and bondholders, betrayed by their inexperience into every snare, and often interested in one single enterprise, assume much greater risks than the magnates of capitalism, who reserve to themselves the best morsels—the lion's share—and who always take care, for the sake of neutralizing unfavorable chances, not to put all their eggs in one basket.

The increase in the number of stockholders does not then prove the increase in the number of the possessing classes, and still less the breaking up of large fortunes, it only means that more and more the corporate form is becoming the dominant form of property.**

*This word stands for the possessor of 1,000,000,000 francs, not quite \$200,000,000.—Translator.

**In England, for example, the number of joint stock companies rose from 9,344 in 1835 to 25,267 in 1898. Now, accord-

At the point of departure we find peasant proprietorship, the most typical form of personal property wedding the man to the earth, rooting the cultivator so to speak, in the nourishing soil; at the terminus of capitalist evolution, we come to property in the plea of paper which confers upon its holder an impersonal right, which he shares with thousands of others, over the railroads of China, the rubber forests of the Congo, or the mineral wealth of the Klondike.

And it is precisely to this depersonalization of capitalist property, freed from all connection with the actual labor of the possessor, that A. Menger attributes a decisive revolutionary tendency: "The more the disproportion increases between legal title and real power," he says, "the more complete the change from moderate and small property to large property and from the latter into mere possession of titles, the weaker grows the inner structure of the whole system of private titles. In this increasing separation between legal title and physical strength, which is certainly one of the characteristic traits of our epoch I see the most important factor which is pushing our system of private titles into socialism. This juridical fact is more important than the economic concentration of the means of production into a small number of hands upon which Marx and other socialists principally insist."

3. The Numerical Increase of Small Enterprises. In his work on "Theoretic Socialism and Social-Democratic Practice," E. Bernstein undertakes, and without reason, to dissipate the rather naive illusion of certain socialists as to the rapidity and the degree of advancement of industrial concentration. "If the

ing to Kershaw, "Joint Stock Enterprise and our Manufacturing Industries," scarcely 10 per cent of these new corporations represent new enterprises; the rest proceed from the conversion of private into corporate forms. (The Fortnightly Review, May, 1900, p. 816.)

incessant progress of technique and of centralization," he says, "in an ever increasing number of industries, is a fact whose significance is in our days passed over in silence by none except reactionary impenitents, it is no less true that in a whole series of industries, by the side of the great enterprises, others, of small or moderate extent, are showing an undeniable vitality."*

We have seen that too often this vitality proceeds from the over-exploitation of the small farmers or home workers. But if we keep to statistics pure and simple, there is no doubt that Bernstein, figures in hand, makes his point.

In most branches of commerce, in spite of the great stores, the number of little shops goes on ever increasing. In many farming regions, if the culture is growing more intensive and consequently requires more capital, the extent of the holdings is growing smaller rather than larger. Finally, in manufacturing, the smallest enterprises alone are diminishing, relatively and absolutely; as for the enterprises of small to moderate extent, their number continues to grow, less rapidly however than that of the great enterprises.

To sum up then, while the number of small enterprises is limited in certain localities or certain branches, by reason of capitalist concentration, it is increasing, to an extent that often balances the decrease, in other localities or other branches, by reason of the progressive division of social labor.

I.—Commercial Enterprises. We know, to begin with, that it is the very progress of large-scale industry which multiplies commercial enterprises, whether by swelling the sum total of exchanges, or by driving into retail trade the independent producers who fall

*German edition, p. 57; French translation, p. 100.

by the way, or finally by the fact that thousands of workingmen try to help out their scanty incomes by building up a supplementary business,—opening a liquor shop, for instance.

To industrial centralization corresponds (until the introduction of the great department stores, generally slower in coming) a period of commercial decentralization. But as a general rule, the countless middlemen, who produce no surplus-value and contribute so largely toward swelling the price of goods, are at bottom nothing but outside agents whose duty is to distribute the products of capitalist industry.

II.—Agricultural Enterprises. The reaction of capitalism upon agriculture, by increasing the industrial and commercial population of the country districts, favors the parceling out of farms, which permits the raising of rents, and the multiplication of market gardens furnishing beans or potatoes for the tables of working people.

On the other hand, we have studied elsewhere,* and Kautsky explains in a masterly fashion in one of the chapters of his book on the agrarian question**; the economic and technical causes which obstruct at present the progress of cultivation on a large scale: scarcity and dearness of day labor, attracted more and more by the cities and industrial centers; the operation of foreign competition, more menacing to the large farmers producing mostly exchange values than to the small farmers, producing use values in great part; almost entire absence of interest for the tenant in making improvements which would re-

*Le Socialisme en Belgique, pp. 416 and fol.

**Kautsky. Die Agrarfrage, chap. VII. See also the comparative advantages of cultivation on a small, medium-sized and large scale in Sombart, Vergleichung des Gross-, Mittel- und Kleingrundbesitzes mit Bezug auf ihre wirtschaftliche Leistungsfähigkeit. (Separate copy from the Zeitschrift der Landwirthschaftskammer fuer die Provinz Schlesien.)

dound to the profit of the landlord and might even show themselves, in the last analysis, by an increase of rent, etc. In spite of all these obstacles, moreover, it is shown that in certain countries, like Belgium, where the development of capitalism had at first produced the contrary phenomenon, the number of the large farms is increasing, while that of the small is declining.

The statistical annual of Belgium for 1900 treats this point as follows: It is exclusively the farms of less than 5 hectares (12.36 acres) and notably those of less than 2 hectares (4.94 acres) the number of which has diminished (84,569). On the contrary, the farms in excess of 10 hectares (24.71 acres) and especially those in excess of 50 hectares, have increased by 3,789. The concentration of landed property, which corresponds to the development of large-scale farming and stock-raising, betrays itself here very clearly. It has produced since 1880 a movement inverse to that which had been shown from 1866 to 1880, when the number of small holdings had considerably increased, while that of the large holdings had greatly diminished. At present, it is the small rural proprietorship which is being effaced by large-scale farming."*

Certainly, we do not claim that this concentration of farms is a general phenomenon. The agricultural statistics of Germany, for example, give results diametrically opposite.** But we have seen that in all countries, even where the number of small farms is increasing, the number of independent small farmers, of peasant proprietors of the soil, is constantly being reduced.

III.—Industrial Enterprises. Industrial concentra-

*Introduction, p. XLI. (Bruxelles, 1900.)

**Hertz. Die agrarischen Fragen im Verhaeltniss zum Socialismus, Vienna, 1899, pp. 53 and fol.

80 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

tion, excluding the small producers from the fundamental branches of production, drives them back to or confines them in the industries of a local, special artistic or luxurious character which does not, at least for the time being, lend itself to the division of labor, the introduction of machinery and the co-operation of workers. But on the other hand it cannot be doubted that the development of capitalism tends to increase the number of these industries and the number of enterprises embraced in them.

In the country districts, to begin with, in proportion as the production of use values for domestic needs gives way to the production of exchange values, the small producers working at their trades for the local market necessarily become more numerous.

In the second place, while the large industries are concentrating, the specialization of labor constantly begets new industries, branches proceeding from the parent stem of production. Thus, for example, in the last industrial census of Hainaut,* we find by the side of glass-working, metal-working and the coal industry, many ultra-special trades of recent formation such as the manufacture of kindling from chopped straw, of shoe-strings, of leather hats for miners, of rosaries, of confetti, of wooden soles for over-shoes of filtering cloths, etc., etc. Now, many of these industries, by reason of their special or novel character have not yet passed the first phases of their evolution and swell by so much the number of the small producers.

Finally, the enrichment of the capitalist class, expending unproductively a large part of its profit favors the development of the trades of art and

*General census of industries and trades, October 31, 1889. Geographical division of industries and trades. Province of Hainaut. (Brussels, Hayez, 1890.)

luxury, of the industries of every kind that produce the superfluity of a minority, while a great part of the population is suffering for necessities. Now almost all these articles are made, at least to begin with, by hand-workers, either at home, or in small or moderate sized workshops.

In short, we find that in all spheres of social activity, the concentration and automatization which operate in certain branches, do not prevent, and often even favor, the incessant formation of new enterprises, employing a limited number of laborers.*

Only, there exists between these small enterprises of modern creation, and the small enterprises of the ancient type, the same difference as that between the branches that crown the trees of a forest and those which form the brush-wood of a thicket.

The former borrow all their vitality, all their conditions of existence, from the great tree of capitalistic production, it gives them life and on it they absolutely depend.**

The others, on the contrary, are struggling for life against the giant, whose devouring roots and mighty foliage deprive them of the nourishing juices of the earth and the life-giving light of the sun; they preserve their independence, but they vegetate and grow pale, till their time comes to disappear entirely.

4. Summary and Conclusions.

What is worth remembering in the objections we

*On the causes tending to maintain production on a small scale in certain branches of industries, see Gonner. The survival of domestic industries (in the Economic Journal, March, 1893). Kovalevsky. Le regime economique de la Russie. Chap. V. Industry on a large scale and domestic industry. Paris, Glard and Briere, 1898.

**Kovalevsky. Ibid., p. 173: "It is a characteristic particularly belonging to our small industries, which the Russians call 'koustarnaia promyshlennost,'" in comparing them to a small tree, that they are not only the outcome of the natural development of home industry, but also a consequence of the great capitalist industries."

have just reviewed is that capitalist concentration, resulting from the superior productivity of labor in common, is not coming about with so much swiftness and simplicity as one might suppose if he confined his attention to the principal industries.

Surely it is beyond doubt that as a general rule production for domestic needs tends to be minimized, the handicraft to change into a factory, and the collective factory into a concentrated factory. But from the fact that large-scale mechanical production is incontestably gaining ground in spite of all the resistance opposed to its extension, it does not necessarily follow that, if we consider the sum total of the industries of a country, the home workers and the small independent producers are becoming less numerous.

It may happen, and it does happen, while machine industry gains in certain branches at the expense of home industry, that in other branches the latter more than makes up its losses by recruiting laborers among the vanquished artisans and the country people.

It may also happen, and it does happen, while in certain regions the factory industry, concentrated or collective, absorbs or subjugates the independent producers, incapable of resisting it, that in other regions less advanced, the industry of the craftsman is developing at the expense of production for household needs, the domain of which is constantly contracted.

And it is precisely this irreversible decline of the isolated domestic economy, living for itself and by itself, which gives us the key to the apparent contradiction between the tabular results of statistics and the undeniable fact of the expropriation of small producers by large ones: in spite of industrial concentration, the number of home workers, sometimes even of artisans, may go on increasing, because the

number of tasks carried on at the fireside by members of the family goes on always diminishing.

But, however it be, in proportion as the family economy gives place to the economy of exchange, and as the specialization of tasks multiplies the relations between producers, the political and social dominion of large-scale commerce and industry is strengthened more and more.

What matters, indeed, the greater or less number of individual enterprises in local or incidental trades in new or special industries, from the moment when capitalism controls the essential organs of production or exchange?

What power have the small farmers, the retailers, the little employers in industries of art or luxury, when they face the all-powerful coalitions of great enterprises which govern the banks, affect transportations, work the mines, utilize the greater part of the farm products, produce or distribute all the articles of current consumption and develop more and more the division and the co-ordination of social labor?

Even when the old forms persist, the independent producers are becoming interdependent producers. Directly or indirectly, all are co-operating in a common work; and it is chiefly to this national and international co-operation that we must attribute the formidable expansion of productive forces since the beginning of the capitalist era.

Only, in such an association, forced, mechanical, and, oftener than not, unconscious, the great majority of the co-operators have no interest in increasing the social product. The directing functions belong, sometimes by right of conquest, oftenest by right of birth, to the one class of proprietors. The co-ordination of efforts remains absolutely imperfect. The bitterness of competition opposes a permanent obstacle to the reign of solidarity among men and na-

84 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

tions. The inferior forms of production and exchange perpetuate themselves, the more persistent as they are more abject. The number of parasites, of the voluntarily or involuntarily unemployed goes on ever increasing and the very progress of capitalism (see the first pages of the Communist Manifesto) brings into ever stronger relief its inherent and underlying contradictions.

The increasing socialization of production increases the product of labor, but suppresses the advantages and develops the inconveniences of individual property by multiplying the laborers without capital and the capitalists without labor.

The development of commerce, the free exchange of ideas, of men, and of products, even the general requirement of military services render war more difficult, and on the other hand the maladjustment of production and consumption, the feverish quest for new markets, the conquest of the colonial world, that future state of bourgeois societies,—all these multiply the causes of conflicts, intensify the burdens of armed peace, of un-mobilized war, of war with shots of gold-pieces, as Bismarck said, and under the distressing menace of a general conflagration, perpetuate the horrors of open war, all around the civilized world.

Finally, while the tendency to reduce wages to a minimum, to prolong the work-day to extreme limits, to replace the workman by the machine, the adult man by his wife and children, in order to increase profit unendingly, remains the dominant, inevitable concern of capitalist production, it begets at the same time, digging its own tomb, the revolutionary forces which are organizing, becoming conscious of their means and of their end, and from now on are building up, within the entrails of modern society the mighty embryo of the society of collectivism!

PART II.

THE SOCIALIZATION OF THE MEANS OF PRODUCTION AND EXCHANGE.

"Wealth, social in its origin, should be social in its use."

—Pierre Lafitte.

The fundamental viciousness of the capitalist system, not only from the point of view of distribution, but, by a perfectly natural reaction, from the point of view even of the social productivity of labor, is the confiscation by the possessing classes of the surplus-value produced by the wage-working classes.

Certainly it would be a false conception, and one falsely attributed to socialists,* to consider manual labor alone as productive, and consequently to see nothing but an illicit spoliation in all forms of income which do not constitute wages in the strict sense of the term.

It is very evident, on the contrary, that all those who render some useful service, all those who really take part in social labor, from engineers and managers of industry to the scientists and artists who contribute a needful complement to the sum total of production,—all these ought in justice to receive

*See especially what Marx says on the subject of labor of superintendence, in chapter XXIII. of the third volume of "Capital." When a capitalist himself directs his enterprise, he produces surplus value, not because he works as a capitalist, but because he works quite apart from his function as a capitalist. This portion of surplus value is then not really surplus-value, but its opposite, the equivalent of work performed." (Das Kapital, III., pp. 368, 369—and farther on, p. 373, "Ure has already made the remark that it is not the industrial capitalists but rather the industrial managers who are the soul of our system of industry."

86 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

a wage and take their share of the product they have to create.

It is possible to justify in this way, in our present society, the unearned incomes which give leisure to the poet, the philosopher and the inventor.* But even when you add these incomes, justified as they are by gratuitous labor, to the sum of the incomes of work that is paid, if you consider as a just wage all the salaries, all the profits, all the remunerations under any form whatever, accorded to all the producers, direct or indirect, material or immaterial, there remains none the less an excess, an over-product, surplus value, which the different groups of capitalists, industrial, commercial, landed, divide among themselves, not by virtue of labor of any kind at all but only, like the lion in the fable, by virtue of the right of property over the means of production and exchange.

Such is the essential fact which underlies all the socialist demands. It appears more or less clearly to any one who takes the trouble to reflect, and the scientific analyses which Marx, utilizing the labors of his predecessors, co-ordinated and unified in his masterly work, have really only given the scientific formula of the exploitation of the proletariat by the holders of private capital.

This exploitation is undeniable, since there are people who, not living by their own labor, must necessarily live at the expense of the labor of some one else. But that does not mean, and the socialists have never asserted, that in every enterprise the surplus value created by labor goes directly, by some sort of automatic process to the individual capitalist.

To see things in their true light, it is necessary

*See on this subject the study by A. Fouillee, in the *Revue des Deux Mondes* of May 1, 1900, on "Mental Labor and Materialistic Collectivism."

consider them in their relations with each other. And this is what Marx does when he shows how surplus-value created during the process of production transforms itself into average profit.*

Apart from certain exceptional cases, he says in substance, the capitalists do not realize, at the time goods are sold, the surplus-value created in their sphere of production. This surplus-value loses itself in the mass of surplus-value produced by the sum total of social labor, and, transformed into average profit, tends to be divided on an equal footing among all equally important fractions of capital engaged. The capitalists, taken together, should therefore be considered, where profit is concerned, as the stockholders of a vast impersonal corporation, who divide among themselves the benefits derived from it, pro rata to the number of their shares.

Also, as the capitalistic dominion over production becomes stronger, and as forms of property become mobile and transform themselves into values that are easily negotiable, the more also do profits tend to equalize themselves in all branches,—leaving out of account, naturally, the diversity of risks, the influence of monopolies and the fluctuations of the market. In fact, from the moment when in a durable way, the profits in one of the spheres of production or exchange exceed the average, capital flows into it, and—following the laws of supply and demand—this competition lowers the profits. On the contrary, if these remain in a durable way, below the average, capital withdraws from this to other branches, and consequently the profits rise.

*Das Kapital, III. 1, Der Gesamt-process der kapitalistischen Production, Sec. I., 119 (Hamburg, Otto Meissner, 1894). We have summarized this part of Vol. III., which has not been translated yet, in the "Annals de l'Institut des sciences sociales," April, 1897, No. 2, 3d year. (Brussels, at the Institute, No. 11, rue Ravenstein.)

88 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

It goes without saying that in spite of this tendency to leveling, which indeed is opposed by many obstacles, the profits realized by each enterprise considered separately remain essentially variable: they may reach fantastic figures or be reduced to nothing; perhaps they may even fall below zero. But whatever be the importance of these accidents, happy or unhappy, for those who are their beneficiaries or victims, it remains no less true that the capitalist class, taken as a whole, by the single fact of its owning the means of production and exchange, seizes and divides, under the form of profit, the surplus-value created by the manual or intellectual laborers.

Efforts are indeed made to justify this seizure, which takes away from the great mass of the toilers all direct interest in increasing the productivity of social labor, by maintaining that the profits of the capitalist class constitute the motive of production, the just and necessary reward of the capital it supplies and the function it fulfils in taking up the direction of enterprises.

We must then sum up in its stronger outlines the argument of those who urge this view.

CHAPTER I.

THE THREE ELEMENTS OF PROFIT.

Ich llege und besitze,
Lass' mich schlafen!

(I rest and possess, let me sleep.)

—Richard Wagner.

In any enterprise whatever, the profit of a manufacturer, when he is at the same time capitalist and proprietor of the funds which he employs, equals the selling price of the products less the cost of production.

Supposing, for example, that in a cotton-spinning factory, to manufacture 10,000 pounds of thread, which sold, in No. 40 (June, 1900) at 10,750 francs, the manufacturer expends 1,300 francs for the pay of his employees, 6,750 francs for the purchase of his raw material (cotton), 250 francs for auxiliary materials (coal, lighting gas, etc.), 650 francs for the renewal of his fixed plant, his material and other expenses, say, in all 8,950 francs which represent his expenses of production, the profit which he realizes is equal to 10,750—8,950, say, 1,800 francs.

To justify this profit, each of the three elements composing it has successively been insisted upon more particularly.

1. The reward of the labor of the manufacturer.
2. The interest on the capital employed (including the ground rent, if the manager of the enterprise is at the same time proprietor of the real estate).
3. The cost of insurance against risks.

Or, in other terms, which we find in certain econo-

90 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

mists, who are anxious to transform the capitalists into wage-workers in the hope of avoiding the transformation of wage-workers by collective appropriation into capitalists,—wages of insurance, wages of abstainence and wages of superintendence.

1. Wages of Insurance.

It is assumed, at the start, that the extra profits realized by certain capitalists constitute an indemnity for the risks that they assume. "Experience proves," says Leroy Beaulieu, "that out of ten who embark in manufacture or commerce, there are two or three who fail totally, five or six who merely find a livelihood as the modest reward of their labor, meanwhile simply preserving their property or increasing it only very slightly, and at the most one or two who acquire a fortune of some importance."*

If then there are some who gain much, and who even seem to gain too much, it must not be forgotten that many others are losing. Here, for example, are the figures for 2,554 German corporations, tabulated by Van der Borcht for 1891-1892:

- 471 liquidated with deficits.
- 888 declared no dividends.
- 641 declared from 0 to 5 per cent.
- 734 declared from 5 to 10 per cent.
- 149 declared from 10 to 15 per cent.
- 64 declared from 15 to 20 per cent.
- 39 declared from 20 to 30 per cent.
- 18 declared from 30 to 40 per cent.
- 21 declared more than 40 per cent.

In the last class are the Arenberg Coal Company (Essen), 80 per cent; the Goettingen Sugar Company, 83½ per cent; the Marine and River Transportation of Dresden, 100 per cent, and the Upper Silesia Com-

*Traite d'economie politique, II., p. 207.

ay for the manufacture of wood pulp, 120 per cent. To sum up, then, the justification offered for the enormous profits of certain capitalists is that they are balanced by the failure or the bankruptcy of their unhappy competitors. But that very thing condemns in our eyes a system of social non-solidarity, which ensures exorbitant benefits to some and exposes all to the risks of competition, fluctuations of value and speculation,—not only the chiefs of industries, more or less responsible for their acts, but also the laborers employed by them.

That in the present state of things, profits must necessarily include an element of insurance against risk, we do not dream of denying. Only, we maintain, and it is easy to show, that in a social organization of labor, this element of insurance would lose all reason for existence.

From now on, indeed, if such or such a particular enterprise does run the risk of destruction, it is very likely that a whole industry does not make profits, unless there be a veritable cataclysm. It is safe to say that the capitalists as a class are never in

the time of the social investigation, 1891-1892, 254 companies as to which Van der Borghst was unable to secure exact and complete information regardless of the losses experienced by a large proportion of them, an average profit of 8.8 per cent on their nominal capital and distributed 6.1 per cent in dividends.

Similar results are obtained for the commercial companies whose losses or profits are published each year in the *Annuaire Officiel* of Belgium.*

Of the commercial stock companies, organized under the law of May 18, 1873, had a stated capital of 2,045,722,000 francs; net profits realized by 948 of them amounted to 1,000,000 francs, the losses suffered by 112 of them to 1,000,000 francs.

We may then justly conclude that taking one year with another, the proprietors of the means of production and exchange divide among themselves a mass of profits, of transformed surplus-value, variable in amount, but, for the sum total of enterprises, never falling to zero.

2. Wages of Abstinence.

As a second element incorporated in profit, we find the interest on the capital employed.

From the moment when this capital belongs to private individuals, it is perfectly natural that these should exact a remuneration before they part with it and place it at the disposal of the workers: whoever concedes the private appropriation of the means of production ought to accept its consequences.

But theorists go farther, and maintain that this remuneration constitutes the only really effective way of assuring the performance of this essential function; the accumulation by saving of the capital necessary for production.

"By the side of the wage-worker, who receives what is his right," wrote Faneher, a disciple of Schulze-Delitsch, "there is another factor which is equally within its right: namely, interest on capital; this interest is neither more nor less than wages for abstinence exercised. Whoever accumulates capital, imposes privations upon himself, he does not expend the means he has acquired, but he accumulates them in the shape of improved tools, provisions, etc. He thus arrives at the possession of capital useful to the community: in yielding up his savings, the fruit

3,394,000 francs; showing an excess of profits over losses of 493,647,000 francs, that is to say, 9.4 per cent of the nominal capital, generally overvalued.—Regarding the serious disadvantages of overcapitalization, in most impersonal corporations, see Kershaw: Joint Stock Enterprise and Our Manufacturing Industries. (The Fortnightly Review, May 1900.)

of his moderation, he deserves a reward, which he receives by the payment of his interest, for his abstinence is worth as much as and often more than labor itself. That is why it is not possible that the wages of labor be raised at the expense of the wages of abstinence.”*

Lassalle, in his celebrated pamphlet against Schulze-Delitsch, had a good deal of fun at the expense of these poor capitalists, ascetics, Hindoo penitents and followers of Stylites, standing with one foot on a pillar, with pale visage, their arms and body bent forward, reaching out a plate to the people to gather in the wage of their privations.

And even in England, where since the time of Senior the “remuneration for abstinence” theory had been in favor, economists like Sidgwick recognize today that the socialist critic has done justice to this pretended justification of incomes without labor.

“As things are,” says Sidgwick, “the laborer’s share of consumable commodities is less than it would be if his labor could be equally effective without instruments, because he has to devote a part of it to the making of instruments; and it is, further, less than it would otherwise be, because he has to devote another part of it to the making of the commodities on which the owner of capital spends that part of his interest which he does not save.”

Now only the former of these subtractions would take place in a socialist regime: the collectivity would need to exercise abstinence and devote a part of its product to the maintenance and renewal of the social capital; but it would not have to pay an additional sum to reward the exercise of this abstinence, to

*Cited by Lassalle, *Capital et Travail*, French translation of Malon, p. 148. See also Fouillee, *Le travail mental et le collectivisme materialiste* (*Revue des Deux-Mondes*, May 1, 1900, p. 129.)

94 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

stimulate the capitalists to save rather than to consume.

That is, moreover, what is happening even now, in co-operative companies and public services, with that portion of their capital which is not borrowed. The company, the State or the municipality deduct out of the profits of the enterprise or out of the assessments or the taxes paid by their members, what is necessary for the development of the equipment and for the progress of the enterprise. In short, saving becomes collective, instead of being individual. It is a social function, exercised by all in the interest of all, instead of being handed over as to-day to the initiative of private interest, to the free fancy of capitalists, wavering incessantly between the desire of increasing their incomes and the desire of adding to their expenditures.

For let us not forget that it is with an enormous waste of strength and of wealth that the possessing class exercises the capitalistic function which has devolved upon it in the present state of things. As an offset to what it accumulates productively, to intensify the exploitation of labor, we must place what it expends unproductively, and almost always stupidly, vainly and immorally, to display a luxury of pure ostentation, to pay the thousands of workers whom that luxury requires, and whom Fourier justly called "agents of negative creation," and finally to maintain those legions of inferior parasites, valets, jockeys, hair-dressers, gamblers, actors of a certain class and prostitutes, who swarm like maggots in the capitalist dung-heap.

And this does not count the standing armies,—indispensable for defending the wage-receivers of abstinence against those whom necessity condemns to pay their wages.

3. Wages of Superintendence.

It is especially this last element that is insisted on to-day to justify the profits of the chiefs of enterprise. There is in profits, and especially in the great profits of a capitalist, exclaims Leroy-Beaulieu, something more than the interest on his capital, the insurance on his risks and even the simple wage of superintendence, the salary which is paid to a superintendent or an officer. The source, the true source of great industrial profits is the superiority of the combinations and the greater or less skill, ability and tact of the captains of industry. "It matters little whether the capitalist has combined these qualities in himself, or whether he has been enabled by the efficiency of his mind or the quickness of his conception—or has dared by a natural hardihood—to apply the happy combinations of others. Into the essential functions of the capitalist (entrepreneur) enter the choice not only of materials, of innovations, of machines and of workmen, but of all his employes and assistants. His part is to set at work human faculties as well as brute forces. He need not be personally an engineer, an inventor; what is needed is that either by himself or by the men whom he enlists, he should be able to give to production at each instant the most efficient organization; he must needs have the gift of fruitful adaptation."*

It could hardly be said more clearly that the extra profits of the capitalist are derived more than anything else from his superior skill in the art of exploiting other people's labor.

Small matter if the genius of inventors ripen on beds of straw, if the educated proletariat cry out for hunger, if the manual laborers sell the strength of their arms for wages reduced to the minimum:

*Leroy-Beaulieu: *Traité l'Economie Politique*, II., p. 196.

the large profits are none the less the legitimate reward of the ingenious adapter, who profits by his capitalistic monopoly to hire them, enroll them and squeeze them.

Some perhaps may find this thesis excessive. But what is especially striking in this argument is the small importance attached to this essential fact: the invasion of all great industries by the impersonal company, the replacing of active capitalists by salaried managers.

Of course, we understand that, leaving to the socialist blasphemers the task of bringing to light the bad sides of capitalism, such authors praise the skill, the feverish activity, the organizing faculty, the frenzy for work which the founder of an enterprise must have in order to triumph over his competitors. But what meaning has this panegyric, when the question turns on passive capitalists, bondholders or stockholders in corporations, who delegate their powers to an active superintendent? Is it not evident that in such a case—and what was formerly the exception tends to become the rule—it is altogether impossible to justify profits by claiming that they correspond to a labor of superintendence?

This is very well shown by Waxweiler, answering the question of ascertaining what becomes of the profit, in impersonal corporations. "It is," he says, "after deduction of the reserve, divided among the stockholders, that is to say that it goes precisely to those factors of production which accomplish not one of the multiple active functions of the capitalist; all those, in fact, which assume the various responsibilities of general administration, of daily management, of technical and commercial direction, of financial control, have been rewarded by fixed salaries. Even the stockholders are not essentially the holders of capital, since half the social possessions belong,

In the example we have chosen, to bond-holders who are remunerated by a fixed interest. Where is there the element common to the active capitalist (entrepreneur) and to the stockholder, which makes the latter heir of the right to profit? It lies, no doubt, in the passive role of the entrepreneur which we have outlined by saying that he carried the risk of the enterprise. Here stands out the economic function which is found to be rewarded by profit: by its true name it is called speculation.**

Thus, under the system of impersonal corporations, and apart from the shares accorded to the managing staff, every element of labor disappears from profits. Individual initiative gives place to a bureaucratic organization. The rois faineants** of capitalism abandon the control of their enterprises to mayors of the palace.

We often hear of the manifold ills resulting from the absenteeism of landlords in agricultural countries, but this absenteeism does not oppress agriculture alone, it has become equally the rule in manufacturing ever since the moment when the rule of the impersonal corporation began to be general.

A great capitalist, for example, who makes investments in a whole series of enterprises—to balance his risks, by virtue of the law of great numbers—disassociates himself almost as completely from these enterprises as from the farms which he buys with the same view to investment. And in proportion as capitalism develops, the absenteeism of the stockholder becomes more complete, and the bonds between proprietor and property more impersonal and looser.

*La participation aux bénéfices, p. 85. (Paris, Rousseau, 1898.)

**The name rois faineants (do-nothing kings) was given to the hereditary rulers of France in the seventh and eighth centuries, who left the actual administration to the "Mayors of the Palace."—Translator.

"The older generation," as was stated lately by the Monitor* of material interests, "will still remember the time when shares in coal mines, even those of Belgium, were possessed only by inhabitants of Liege or the Hennegau. The first time that the Flemish bought any, there was general astonishment. Since then, every one pushes at the wheel, and investments in coal mines, domestic and foreign, are current coin. The same thing with exotic values. It is hardly more than fifteen years since the interior of the country adopted (unsuccessfully moreover) those rents and land titles from South America which previously Anvers alone was acquainted with and dealt in. But, on the contrary, Anvers has taken to handling industrial shares to which it had previously been indifferent. Instead of two markets, Anvers and Brussels, with distinct and sometimes opposite attractions, there is now only one market of Belgian capital."

Thus between the capitalists and the laborers who work for them under the orders of a manager, himself on a salary, any collaboration, any co-operation in a common work, finally disappears.

The separation between property and labor is becoming as complete in manufacturing as in agriculture. The stockholder, considered as a stockholder, is no more than one who stakes money, more or less skilfully, more or less luckily. The exploitation of man by man is throwing off all the veils which covered it when the holder of capital was at the same time chief of the enterprise; and, like the legendary dragon, lying on the gold of the Rhine in its deep cavern, passive capitalism lives crouching over its wealth, in distant cities, motionless and formidable, disdainful of revolts and careless of the miseries of an unknown proletariat:

*Le Moniteur, a capitalist newspaper of Brussels.—Translator.

"Ich lieg und besitze,
Lass' mich schlafen!"

4. Surplus-value and Profit.

To sum up, and according to our respective point of view, profits appear to us under two very different aspects.

One the one side—after deducting the wages of superintendence, of invention, of organization of enterprises, they represent the mass of surplus-value which the capitalist class, by virtue of its property right, extorts from the manual and intellectual laborers who find themselves dependent upon it.

On the other side—looking at their distribution among individuals, profits constitute the principal motive, not to say the only motive, of capitalistic production.

It is the prospect of obtaining profits which stimulates the accumulation of capital, which impels the captains of industry to the battle-fields of competition, which engenders, in the fever of hazardous and too often dishonest speculations—*inter stercus et urinam nascitur homo*—the multiform and magnificent flora of enterprises which these last years have seen growing up over all the surface of our globe. But, while the active capitalists, the men of initiative, the promoters and managers of enterprises, the modern conquistadores, with an energy which in most cases is only equalled by their absence of scruples, are incessantly creating new enterprises and bringing into order the industries of new countries, passive capitalism, that dead weight on modern production, is developing equally, and thanks to the mechanism of the corporations, which clearly differentiates the remuneration of labor, under all its forms, from the profits realized passively by the stockholders, it appears from all evidence that the profits of these last do not

803783 A

correspond to any actual labor and are nothing else than the product of ownership, the result of individual property in capital.

But, it will doubtless be said, it would still be necessary to establish—before any socialist conclusions are justified—that this same property is not legitimate. If the profits do not represent any present labor, they are the reward of past labor. If there are passive capitalists; proprietors who do not work, it is as a general rule because they have worked, because they have acquired the right to do nothing by gaining their fortune through force of labor and intelligence, by displaying exceptional qualities of invention, of initiative and of organization.

There would be many things to take up again in this argument. It would be only too easy to show that, most of the time the sources of the big fortunes are far from having that crystalline purity. The history of property, landed as well as capitalist, teaches us to know many other causes of enrichment,—encroachments on the domain of the State: expropriation, brutal or fraudulent, of the communes and of peasant properties; purchase of confiscated property at cheap prices; concessions of mines, railroads, etc., obtained for a song and oftener than not bought back again later, far above their real values; usury; questionable speculations; hits on the stock exchange; franchise grabbing; illicit combinations; automatic and spontaneous increase of landed rents, following the development of population and industry; appropriation by the capitalists of the surplus-value produced by the laborers; shameless exploitation of the genius of inventors, obliged to sell their brains that they may not die of hunger. We might prolong this list indefinitely.

Nevertheless, let us suppose it were otherwise. Let us admit for a moment, even against the evidence, that all the capitalists may be sons of their works,

that all those works may have been legitimate, that all the holders of the means of production may have gained their fortunes by the sole power of their personal labor: still that would not be a sufficient motive for society to confer upon them a perpetual and transmissible assignment on the products of the labor of others; that would not be a reason why their children and their children's children should be from generation to generation,

Heirs, without labor, of fields smoking with blood of the slain!

Admitting that a life interest in property may be legitimate by reason of labor, it is plainly otherwise with hereditary property.

It is claimed, indeed, that the right of inheritance is socially indispensable, because it stimulates to labor those who dream of enriching their descendants or their heirs.

The argument may be valid, in a measure, so far as it deals with heredity in direct line, or even with testamentary heredity, which the socialists in general propose to limit and not to suppress;* but will any one claim that the case is the same when we come to collateral inheritance, a last and henceforth an unjustifiable survival of the time when "the greatest family" was still a reality. And on the other hand, is it not almost certain that the fundamental injustice

*See, for instance, Collins' *La science sociale*, V., pp. 320 and fol.—Schaeffle, *The Quintessence of Socialism*, p. 47; "Again, the denial of all private and family right of inheritance is by no means a necessary consequence, or at all an essential interest, of socialism.

"The latter has reason to say to its blustering adherents, who wish to abolish the right of inheritance, 'The Lord preserve me from my friends!' . . . This right of private inheritance would have in its own nature a limited extent, for private superfluities of the means of pleasure, which would be the only source of property left at death, would be very much contracted, since the wealth in means of enjoyment of the private person . . . would in the main fall away . . . with his monopolist sources of rent."

102 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

which permits some to make others work instead of working themselves, strikes at the productivity of social labor a heavier blow than any limitations, even though excessive, of the rights of bequest and succession?

Thus we are profoundly convinced that the productive power of modern society would be considerably increased, if the socialization of the principal industries suppressed, or reduced in large measure, the unearned incomes derived from capitalist property.

CHAPTER II.

THE ADVANTAGES OF SOCIAL PROPERTY.

"We are all socialists now."

—Sir William Harcourt.

When the socialists, basing their position on the progress of capitalist concentration, with the consequences which it involves regarding the exploitation of labor, proceed to the socialization of the industries already ripe for collectivism, they are only, after all, continuing and generalizing tendencies which show themselves even in the heart of the present bourgeois societies.

Without speaking of the administration of justice, socialized centuries ago, or of the institutions of learning which, despite the resistance of the churches, are being transformed more and more into public services, it is undeniable that in the economic order, the collective domain tends continuously to increase. "The taking possession by society," says Hamilton, "is already, for one part, so completely realized that the return to private initiative would not be considered: for example, in the matter of money, posts, highways, etc. The reasons are easy to understand. The more civilization progresses, the more do such institutions require to be operated on a large scale and with unity and reciprocal cohesion. If they were entrusted to private persons or to associations their action would in all cases have to be brought about by a managing staff established in imitation of that of the State, and consequently without that spur of personal interest, which otherwise constitutes the ad-

vantage of private production. If a competition exists, the end is reached but incompletely and in a less economical fashion, as for example in the case of several competing railroad companies. If, on the contrary, this competition does not exist, the public suffers in many ways, and the private interests of the possessors make themselves felt in a tyrannical fashion. As well from the point of view of production as from that of distribution, we find sensible advantages in the social organization of such enterprises."*

These advantages of operation by the State or by other public authorities such as the provinces, or especially the municipalities,* are of a quite various nature, on the one hand, the profits realized, instead of benefiting stockholders, appear as a reduction in taxes; on the other hand, anxiety for the maximum profit not existing, or at least not to the same degree as in capitalistic enterprises (except of course in the case of fiscal monopolies) the administrations which regulate the work are more easily accessible to considerations or suggestions of a social order, especially regarding the condition of the workers, the purchase of raw materials, the cost and the quality of the products or services, the interest, in short, of the generations to come.

1. The Profits of the Public Enterprises.

The socialized industries, and especially monopolies, natural or artificial, may be at the start a source of revenue for the collectivity which carries them on. At Brussels, for example, the gas works alone give an annual profit of nearly \$400,000. In France the tobacco monopoly, which puts a price on this product

*Count De Hamilton, *Le développement des fonctions de l'Etat, dans leurs rapports avec le droit constitutionnel*. (Revue d'Economie Politique, 1891, pp. 140 and fol.)

*On the latest progress of "municipal socialism" in England see Harrison, *Municipal Trading*. (Economic Journal, June, 1900.)

of six times its value, brings into the treasury, taking one year with another, more than \$60,000,000.

It goes without saying that these profits are really nothing but indirect taxes. The moment that an administration puts out its products at a price above cost, the profits which go into the treasury have necessarily a fiscal character. And in a collectivist society the deductions which the community would make, before any individual distribution, to provide for the general needs, would be the equivalent of our present taxes. But if there are products, like tobacco and brandy, which may legitimately be subject to taxation, there are others, like water and lighting gas, for example, which supply wants of prime necessity, and ought not to be burdened with any overcharge.

Even now certain local administrators furnish them, either at or below cost, or even gratuitously.

In his book on Socialism in England, Metin cites two little towns which give gas to all their inhabitants free.*

At Schaerbeek, one of the principal suburbs of Brussels, the intentional deficit on the water service is covered by a special tax proportional to incomes.**

At Geneva, the city, which since 1896 has undertaken the supply of water, gas and electricity, derives a slight profit from the lighting and the water accounts, but on the contrary it distributes strictly at cost the hydraulic and the electric power which two well equipped plants derive from the waters of the Rhone.***

*Metin; *Le Socialisme en Angleterre*, p. 226. Paris, Alcan, 1897.)

**See report presented to the common council of Schaerbeek by Louis Bertrand, comptroller.

***Achard, *Les finances et les services industriels de la ville de Geneve*. (*Revue d'Economie Politique*, August-September, 1899.)

The same tendency to the systematic lowering of profits is found in most of the English municipalities, and in a general way it may be said that wherever the socialist spirit develops, the fiscal (revenue-producing) character of the public enterprises is disappearing. No city has gone so far as Glasgow in the way of municipal organization, and no city takes higher rank in the efficiency of its administration and the standard of its public spirit: now it is also true that nowhere else are the charges for municipal services as a whole so low; nowhere has the policy of small profits been carried out so systematically.*

To act otherwise and demand large profits on services of public utility is to re-establish in another form all the disadvantages of the tax on consumption, so justly called the progressive tax on poverty.

In our opinion then, one must look not so much from the point of view of profits as of the interests of those employed and the public, to appreciate the advantages of socialization.

2. The Condition of Those Employed.

As a general rule the conditions of existence and of labor of the lower grade of employees, in the social or communal industries, are better than in private enterprises. "The private companies," says the message of the Federal Council, relative to the purchase of the Swiss railways, "are naturally disposed to reduce as far as possible their outlay for personal services; it is well known, that they all make it a rule to reward certain higher functions very liberally, but by way of offset to economize on the laborers and the

*Donald: Municipal trading and profits. (*Economic Journal*, September, 1899, p. 383.) See Labriola, *Sul socialismo municipale*, III. Le imprese municipali debbono dare un profitto? (*Critica sociale*, June 1st, 1900.) For opposing arguments see E. Cannan, Ought municipal enterprises to be allowed to yield a profit? (*Economic Journal*, March, 1899.)

lower grade of employees, who, being the most numerous, involve the heaviest expenditure."* In public industries, on the contrary, it is rather the opposite tendency which predominates.

Not that the salaries of the "silk hats" are insufficient to assure them a comfortable existence—the smaller employees still find them much too luxuriant, but everything is relative, and oftener than not these salaries are less than those in private industry, to such an extent that the latter succeeds in "seducing away" the best officers, drawing off the most capable men, those best recognized for their technique.

Recently, indeed, the brilliant secretary of the Department of Industry and Labor, in Belgium, gave up his functions to put himself at the head of a vast commercial enterprise.

If, despite all, the corps of functionaries still, along with deplorable and burdensome tax-eaters includes a fair number of men with energy and intelligence, it is mainly because of the over-supply of intellectual laborers. It is none the less true that in a social state where money constitutes almost the only stimulus and recompense for labor, the State industries can not have the best class of managers without assuring them the same advantages they would have as officers of corporations.

As for the manual laborers and the subordinate employees, it may be said that often, but not always, their wages or salaries are higher than in private enterprises: the Belgian State, for example, pays its machinists much less than the great French companies.

Nevertheless there is no doubt that in a democratic state, under a parliamentary government, where the

*Message of the Federal Council to the Federal Assembly, regarding the purchase of the principal lines of railway in Switzerland, March 25, 1897, page 58.

mass of the people participates in elections, if the men are determined to obtain better conditions, they can arrive at them more easily when their labor is exploited by the State, responsible to public opinion, rather than by companies which are wholly or in great part free from its control.

Then, again, besides, if the nominal wages of those employed by the State are less than those in private industry, the laborers gain in security what they lose in money. They content themselves with less pay for the same reason that the holders of government bonds content themselves with less interest. The permanency of their positions makes up for the inferiority of their wages. It guarantees them against the risks of enforced idleness, of sickness, of incapacity for work by reason of accident or old age, which are a menacing shadow over the lives of so many workers,* and this guarantee, this assurance of daily bread constitutes so precious an advantage that to obtain it the workers employed by the State support with unwearied patience all the vexations and all the obstacles which the administrative discipline puts in the way of their political liberty or the exercise of their constitutional rights, notably their right of association.

It should not be forgotten, indeed, that from this point of view, the despotism of the State-employer is no better than the despotism which rules in most of the workshops of private industry; and it is inevitable that this state of things continue as long as the confusion of services and of public powers under the direction of the leaders of the capitalist class.

**Revue du Travail*, 1899, p. 1, 203. Malines. *Industrie du meuble*: "Certain employers complain about the difficulty of obtaining laborers, caused by the existence of a State Arsenal in Malines, where a multitude of good workers seek admission in order to make sure of being provided for in their old days."

3. The Purchase of Raw Materials.

Under the system of capitalist exploitation, the small producers, and especially the small farmers who furnish the raw material for certain great industries, find themselves almost always handed over without defense to the fluctuations in price which result from industrial anarchy, or else to the iron-clad contracts imposed upon them by the associated manufacturers of sugar, tobacco, chicory, gin, etc.

When, on the contrary, one or the other of these industries comes under public control, the State, by reason of the purchase power of which it disposes, may exercise a considerable influence over the price of the products and over the conditions of labor for those who furnish them.

This influence certainly presents real dangers, when the public power is found in the hands of a coterie, a party or a class; but on the other hand when those who exercise it concern themselves with the general interest, the consequences may be greatly to the advantage of the producers of raw materials.

In Switzerland, for example, the administration of the monopoly in alcohol, which has been very unjustly accused, on this point, of practicing the system of the "electoral potato,"* renders important services to the poor cantons by utilizing for distillation the potatoes that they cultivate, instead of resorting, as the private distillers did formerly, to maize and other foreign cereals.

In France, thanks to the institution of the tobacco monopoly, which limits the amount cultivated by the extent of the demand, they avoid the over-production,

*Droz: *Essais économiques; Le monopole de l'alcool en Suisse*, p. 577. (Paris, Alcan, 1896.) (The phrase "electoral potato" is evidently an insinuation that the administration buys potatoes from farmers whose votes are desired.—Translator.)

the instability of prices, the ruinous depreciations, which have been so hard on the Belgian planters during these last years. "The tobacco crop," says A. Wagner, "is bought by the State, at prices which, each year, the Minister of Finance determines in advance and makes known publicly for the different qualities of tobacco. In this way the planter receives a price which is not only remunerative, but which remains almost uniform from year to year. He thus acquires—and the difference is much to his advantage as compared with free trade—a solid basis for his calculations, which is a real blessing for the cultivator."*

It would be the same with the cultivation of beet roots, if the socialization of the sugar industry came to deliver the country people from the exploitation, often odious, to which they are now subjected by the lords of La Tare and La Bascule. The expropriation of these would moreover have the advantage of relieving the miserable condition of the proletariats in the sugar factories and of applying the only really effective remedy to the countless frauds as to weight, tare and density, which are committed when the beet-roots are received, to the detriment of the farmers and especially of the small cultivators incapable of exercising any effective control.**

In a general way, moreover, it may be said that the socialization of the means of production and exchange would result in the disappearance of the frauds, falsifications and iniquities of every kind which the furor for profit almost inevitably engenders under the capitalist system.

*Wagner: *Lehr und Handbuch der politischen oekonomie*.—Fourth Section: *Finanzwissenschaft*. Third Part: *Tabakmonopol*, p. 725 and fol. (Leipzig, 1889.)

**On this subject see the present writer's speech in the Chamber of Representatives, May 25th, 1897, and the pamphlet: *Les vols sur les betteraves et les sucres*. (Brussels, rue des Sables, 35, 1900.)

4. The Cost of Products and of Services.

We have already shown the present tendency of public services to eliminate the fiscal considerations which controlled at the beginning, and to approximate more and more either to free distribution or at least to selling at cost. On the contrary, wherever monopolized industries retain their capitalistic character, the increase of prices becomes a veritable nuisance for the public, or for the producers who depend on those industries.

At Paris, for example, the gas company—whose monopoly will no doubt be renewed by the new Municipal Council, elected by the little bourgeois—furnishes lighting gas at 30 centimes per cubic meter* (\$1.64 per thousand feet), while in English cities the rate charged business houses by the municipal authorities is only 8 to 10 centimes (34 to 55 cents per thousand feet).**

The inconveniences of monopoly and the advantages of socialization, regarding prices or tariffs, naturally reach their maximum when we come to fundamental industries upon which all others are dependent, like the extractive industries or that of transportation.

Certainly we are foremost in saying that the operation of State railways, as it is organized in Belgium or Germany, is open to just and manifold criticism. But it is none the less certain that so far as regards tariffs, as well as the advantages accorded to industry in general, it is undeniably superior to operation by private companies. As was justly pointed out in

*It offers, moreover, to lower its price and to sell gas to private consumers at 22 centimes per cubic meter, but on condition that its franchise be extended. On the advantages that the company would derive from this combination, see M. Charnay, *L'éclairage au gaz à Paris*. (*Revue Socialiste*, June, 1899, pp. 704 et seq.)

**The gas monopoly in Chicago charges consumers \$1.00 a thousand feet. It is currently estimated that half the rate would cover all legitimate expenses.—Translator.

112 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

the message of the Swiss Federal Council, proposing the purchase of the railways, the corporations particularly favor the good lines and limit themselves to the indispensable where the bad ones are concerned. Sometimes they even do nothing more than the minimum specified in advance by their concessions, because the anxiety for dividends dominates everything.* "There are," says Wolfe, "whole regions in England, and especially in Ireland and Scotland, which are absolutely unprovided with railways, because the construction of these would not pay the companies."

The State, on the contrary, finds itself morally bound to sacrifice a part of its profits to create railroads in the disinherited regions. In Germany, Austria and Belgium there are a number of lines that were established for no other reason.

And still, despite these burdens assumed in the general interest, despite the heavier expenditures occasioned by better pay for the ordinary employees, there is no doubt that in the countries where the railroads are operated by the State, the transportation rates, for passengers as well as freight, are lower than in France and much lower than in England.

This was pointed out in April, 1899, before the London Society of Arts, by J. Forster Brown, one of the foremost English engineers, in a study of the coal industry from the point of view of international competition.

"At present," he said, "the most serious competitors of England are Germany and Belgium. The State railroads in Germany have reduced their rates to half what is paid in England, and have thereby developed the coal trade, foreign as well as domestic."**

*Message of March 25, 1897, pp. 34 et seq.

**Revue universelle des mines, Jan., 1900, pp. 96 et seq.

This advantage is all the greater because the unification of the railroad system in the hands of the State enables all the industrial regions of the country to profit by it.

It is principally considerations of this sort which have decided the Swiss government to accomplish in a single transaction the purchase, almost complete, of the railroads situated in its territory.*

These reasons were also set forth by the ex-Minister of Railways in Belgium, M. Vandenpeereboom, when, discussing the project of the resumption of the Grand-Central, he defended the principle of State operation in these words: "No doubt, if we were seeking to effect the easiest solutions from the governmental point of view, we should sell the railroads. They have cost 1,400,000 francs; they are worth 2,000,000,000, and if this transaction were accomplished, the Belgian debt being almost wholly repaid, there would be no concern in future about the budgets, and all the difficulties that beset the organization of a vast enterprise would be suppressed. But there is a higher point of view, there is the interest of industry and commerce. It may be said without hesitation that this immense prosperity which you see, which is without precedent in our own history, and perhaps in that of any other people, is due to this powerful instrument of labor which is in the hands of the State.

"My predecessors and I, for thirty years, have gone on with the single object of the development of industry. To-day there seems to be some regret that the railroads are not in the hands of capitalists who would have taken out of the service a profit of several millions. The day when all the railroads belong to the State, the Chamber will have to debate on the point of deciding whether the State should operate

*Message of March 25, 1897, pp. 42-78.

114 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

them itself or concede the operation to companies but I repeat, that the hour this last decision shall have been taken, the hour of industrial and commercial decadence will have sounded."*

It is scarcely necessary to point out that these arguments, which made a great impression on the Chamber, apply, with the necessary changes in details, to all other branches of the transportation industry. What is true of railways is no less true of street-car lines, and while in France and the United States the regime of the corporations and trusts gives deplorable results, in England it may be said that the experience in municipalizing street railways have led to a definite conclusion.

To establish it, we need only cite this passage from the Municipal Year Book of 1899:

"No branch of municipal enterprise has made such rapid progress during the past year as that relating to tramways. Almost without exception every large town has completely municipalized the tramways, or is about to do so. The expiring of tramway companies' leases coincides with the introduction of new methods of traction, and before many years the facilities for rapid transit in our great centers of population will be completely revolutionized. So municipal corporations, anxious to get tramways completely under their control at the earliest possible moment, do not, in some cases, wait for leases to expire, but buy out the companies on terms which are profitable to the community. It is now recognized that no tramway service can be of the fullest benefit to the people unless it is operated, as well as owned, by the municipality."

Those who might still have any doubt on this point will do well to compare the shaky coaches with a

*Annales parlementaires, 1896-1897, p. 1663. (Session of June 15, 1897.)

centime (6-cent) fare which disgrace the pavements of Paris with the elegant carriages bearing the King's coat of arms which for 5 centimes (a half penny) carry the passengers to the four corners of Edinburgh or Glasgow. They will also be convinced from a comparison that the street railway system is a model of the omnibus monopoly, not only as regards the cost of fare, but also—and this leads us to speak of the other series of advantages of socialization—as regards the quality of the services rendered.

5. The Quality of the Products.

The economists who are most hostile to State monopolies are obliged to recognize that these have the advantage of furnishing consumers with products generally purer than those of private industry. "With very high duties," says Leroy-Beaulieu, "government monopoly is the only method to have suitable products, hygienic and not adulterated. This fact is beyond doubt. In the discussions in the German parliament, 1877-1878, on the tobacco duty, the Vice-President of that great body, Herr von Stauffenberg, said: smokers are well aware that we smoke, but we are ignorant of knowing what we smoke: the use of substitutes for tobacco is practiced already on so large a scale that a whole lesson in botany might be devoted to a description of the vegetables which lie hidden side in our tobacco and cigars, from the beet to the leaf of the cherry tree; what will it be if tobacco is burdened with an extra tax of \$11

taxes in France are much higher than those in this orator of the Reichstag spoke, and the products are pure; that is a great argument in the monopoly."*

Beaulieu: *Traité de la science des finances*. I., p. 1, Guillaumin, 1892.)

The same argument would seem to hold in favor of the monopoly of alcohol, if, as was formerly believed, the purity of the alcohols for drinking constitutes an important factor in the struggle against alcoholism.

It is known, indeed, that since the introduction of the monopoly in Switzerland, the rectification of alcohols, so defective under the system of the domestic still, is operated under conditions so perfect that to make the federal "schnaps" acceptable to the consumers, who found it "too insipid," the Confederation was forced to add .15 of one per cent of fusel (impurity from apple brandy) a quantity, however, which is regarded as harmless.

But let us hasten to say, granting that alcohol, even when perfectly rectified, is none the less a poison, it is for other reasons, and principally to facilitate the measures designed to restrict its consumption, that we advocate the monopoly of its manufacture and sale.

On the other hand, when it comes to food products like bread, butter, milk, groceries, all the products in a word over the sale of which the public authorities exercise a control which is burdensome yet too often ineffective, it is certain that the argument drawn from the better quality of the product pleads powerfully in favor of socialization by the State or by the municipality.

At present the grocers have a reputation as falsifiers, which certain honorable exceptions fail to make us forget. The milk-dealers, in spite of the watchfulness of the police, do not wish to give up the annoying habit of baptizing their milk. As for the butter-makers, large and small, they have such frequent relations with the makers of butterine, that the latter publish in their circulars designs of elegant baskets, and even of pretended kitchen utensils, which

enable them to introduce butterine into the dairies without exciting the attention of the public or of the authorities.*

Finally, if we wish to take account of the disadvantages of the small baking industry, as regards the quality of the products, nothing is more unpleasantly suggestive than this description by Baron Fred. de Welchs-Glons, in a study in the *Revue d'Economie Politique* on the municipalization of the bakery:

"Let us enter for a moment," he says, "into almost any of our bakehouses: we shall not be long in experiencing a deep disgust at the sight of what is passing, in opposition to the most elementary laws of hygiene. We see them almost all established in dark retreats, damp, lower than the street, reached only by a break-neck staircase or a ladder, in unventilated cellars, which have to be lighted even in the daytime, which are dirty, and swarm with every kind of vermin. The floor, the ceiling and the walls are never or rarely cleaned, the toilet rooms are repulsive and without water for flushing and are often located inside the bakehouse. There is no place to wash; no pocket-handkerchiefs are to be seen, no spittoons, no sink under the water-faucet. The kneading-troughs serve for beds, and for tubs to wash linen, and they even use dirty water to make the dough. The air is rarely or never changed, especially in winter, to save fuel, so it is stifling, reeking with steam and

*The packing gives room for considerable abuse. A great quantity of butterine is sold to the retailers in the most various receptacles, fancy baskets, housekeeping utensils, kitchen utensils, etc. The very prices at which these receptacles are sold indicate clearly that they are intended to disguise the merchandise as well as to contain it, and one is sometimes surprised at the quantity of butterine retailed, in his cellar or a rear shop, by some merchant whose show-window would at first sight classify him among the basket-makers or dealers in hardware or tinware. Merode: Report on a proposed law for the repression of frauds relating to butterine. (Chamber of Representatives, March 7, 1900.)

118 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

coal and tobacco smoke, the products of fermentation and the odor of perspiration."

Certainly we are not claiming that this state of things is general, that the baking industry is carried on everywhere under such deplorable conditions as in Austria, but in any case it is undeniable that the making of bread in the great co-operatives makes a pleasant contrast with that lamentable picture. So it is partly with the design of making general the advantages of these model bakeries that the municipal or State management of the baking industry is proposed.*

It is equally for motives of hygiene and at the same time to avoid an appalling waste of time and strength that the municipality of Glasgow has taken under consideration a system of convenient distribution of milk, previously analyzed and sterilized by officers of the administration. The authors of this project, in a pamphlet entitled "The Dairy-man and the Mail-carrier," insist at some length on this fact, that apart from the hygienic advantages of the collective distribution of milk, there would thus be a saving of all the time expended by the dairy-man in effecting the transportation to the homes—a service which could be accomplished by a small number of agents, distributing milk from door to door, exactly as the carriers distribute letters and newspapers.

To sum up then, and not to multiply examples needlessly, there is no doubt that operation by the State or by the cities, not being dominated by the exclusive concern for profit, does at least offer the advantage of furnishing the public with products of a purity and genuineness which no one can doubt. The prog-

*De Welehs-Glons: *La municipalisation de la boulangerie*. (*Revue d'Economie politique*, October-November, 1897.)—*Till*. *L'étatisation de la boulangerie*. (*Ibid.*, April, 1897.)

ness of socialization therefore involves an undeniable progress in the mortality of economic relations.

6. The Interests of Generations to Come.

Independently of the immediate advantages which the public derives from socialization, we need take account of the fact that operation by the State assures, much better than capitalist exploitation, the conservation and the national management of the wealth in the soil and below it.

The history of the iron mines in Belgium, plundered by those holding the grants, is sadly instructive in this regard, and no doubt the severe criticism found in the *Revue Universelle des Mines* (Jan., 1900), on the operation of the English coal mines may apply to other countries: "Though the coal deposits of England still have resources which would admit of maintaining the present rate of production for three centuries, up to the depth of 4,000 feet, the operators are taking the cream off this wealth in such a way that within fifty years we shall only be able to count upon coal more expensive to mine, and for that reason permanently dearer."

When the Transvaal government, at the beginning of the South African War, took possession of the gold mines of the Rand, to operate them for its profit, its engineers made statements altogether analogous: "In many places," wrote the engineer, Kubale, charged with managing the works of the "Rose Deep," "my impression has been that the mine had been plucked by the previous superintendents, that is to say that they had simply taken out the rich ore from it, without considering a suitable operation of the mine, and without any plan for subsequent work."*

The same carelessness for the future is manifested more brutally still, and with consequences more im-

**Economiste français*, March 10, 1900, page 305.

mediately disastrous, in the wasteful exploitation of the forests, by most of the private proprietors. "Sooner or later," we read in the bulletin of the Central Society of Forestry of Belgium, "the private forests are in danger of being destroyed, or of no longer fulfilling the function incumbent upon them from the point of view of the general interest. The proprietor cares nothing at all for the influence that his management of the forest may have on the climate, the water system or local industry. He sees nothing but his own interest."*

It is for these reasons that all the agents of the administration of forestry, as well as most of the economists, declare themselves for the preservation, the reconstitution or the extension of the crown forests, and it is important to observe that nearly all the considerations which they urge apply equally to the other wealth of the soil and the sub-soil, which ought to be administered in the interest of the generations to come.

7. Summary and Conclusion.

The advantages we have just analyzed have, at least in certain industries, so considerable an importance, that in spite of the prejudices, the opposing interests and even the very grave arguments that may be opposed to exploitation by the capitalist state, the movement toward the extension of the collective domain is manifested in democratic countries, with an ever growing intensity.

Even those who declare the most bitter aversion to collectivism are brought by the force of circumstances to practice collectivism without knowing it or without desiring it.

"The individualist City Councillor," Sidney Webb

*La diminution du domaine boise. Bulletin de la Société forestière, July, 1896, p. 507.

wittily says, "walks along the municipal pavement, lit by municipal gas and cleansed by municipal brooms with municipal water, and seeing by the municipal clock in the municipal market, that he is too early to meet his children coming from the municipal school hard by the county lunatic asylum and municipal hospital, will use the national telegraph system to tell them not to walk through the municipal park, but to come by the municipal tramway, to meet him in the municipal reading room, by the municipal art gallery, museum and library, where he intends to consult some of the national publications in order to prepare his next speech in the Municipal town-hall, in favor of the nationalization of canals and the increase of the government control over the railway system."

Certainly, we hasten to say and we shall not be slow in pointing out, this fragmentary collectivism, this State or municipal assumption of the public services under a bourgeois regime, differs profoundly, essentially, from collectivism in the proper sense of the word, and in a number of industries its extension would offer more inconveniences than advantages.

Up to the present time we have spoken only of the latter, which may be summed up under one and the same cause: the public administrations, not having the greed for gain, the abnormal appetite for profit, which characterize capitalist exploitation, show themselves more solicitous for the general interest, more disposed to take account of other considerations than the profit to be realized.

It is self-evident that officers on fixed salaries, with no interest whatever in the profits of an enterprise, have not the same interest as private persons trying to make their fortune in paring down wages, stretching out the hours of work, imposing upon consumers, falsifying products or impairing the natural wealth

which forms the common heritage of the generations. But on the other hand—and here is the reverse side of the medal—wherever officialism, public or private, reigns, that lack of interest, that pecuniary separation from the interests of the enterprise, must, in a social state where everything paralyzes the action of the altruistic factors, inevitably exercise a depressing influence on the initiative and the energy of the directors of production.

The superior productivity of the unification of industry, of the socialization of labor, is found to be partially neutralized by the apathy, the routine spirit, the fussy sluggishness, the spendthrift habits, the indifference to the preferences of the public, which are too justly reproached in the modern bureaucracy. And if we may cite as a model the management of municipal services in certain democratic towns, all that can be said in favor of most of the State industries is that while they present the advantages of collective appropriation, their disadvantages on the side of production do not exceed, or do not much exceed, the analogous disadvantages which exist in the great private companies.

However that may be, moreover, it can not be repeated too often that it is a stupid error to regard collectivism as an extension pure and simple of the present public domain. As long, in fact, as the social reign of the bourgeoisie continues, the public enterprises necessarily remain capitalist enterprises, exploited by the State as an employer, if not for the exclusive interest of the ruling classes, at least taking the largest account of that interest.



CHAPTER III.

THE ADMINISTRATION OF THINGS.

When everybody is an office-holder there will be no more office-holders.—Jean Jaures.

In spite of the protests, repeated a hundred times, of all the socialist theorists, most of their adversaries obstinately maintain that the formula of collectivism is "all for the State."

That is evidently to create an equivocation by playing on the double meaning of the word State.

The State may be, in a large sense, any social organization whatever, but it may also be the policeman-state, the bureaucratic state, the instrument for ruling which has for its essential motive the protection of the sum-total of the interests of the possessing class.

And by an unthinkable disfigurement of the socialist teaching, they come to say that it is to the policeman-state, to the State in its present form, that we wish to entrust the direction of all enterprises, the monopoly of all industries, the controlling hand over all branches of production and exchange.

If it were really so, socialism would have no adversaries more bitter than the socialists themselves.

We are the first to recognize, indeed, that such a system would present, on the side of individual liberty as well as that of social productivity, the most serious dangers. Only, what our opponents forget or pretend to forget is that socialism aims not merely at collective appropriation, but meanwhile at an organization of labor essentially different from that which exists to-day.

Now before this socialist organization of labor can

124 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

be established, we must suppose, first of all, a whole series of transformations, not only in the moral and intellectual order, but in the politico-social order, and notably the conquest of the public powers by the organized proletariat, the differentiation of the governmental state and the industrial state, and the decentralization of social enterprises, characterized today by the most stifling centralization.

1. The Proletarian Conquest of the Public Powers.

The fundamental difference between exploitation by the great corporations and exploitation by the State, the municipality, or other public authorities, consists in the manner of constituting the directing power.

In the first case it emanates from the meeting of the stockholders, and therefore is inspired exclusively by their private interest.

In the second, on the contrary, it emanates, or at least is supposed to emanate, from the generality of the citizens who compose the State or the municipality, and consequently, in whatever measure they share effectively in the exercise of power, it is inspired by the general interest.

But it goes without saying that if the power belongs to an absolute monarch, or again to a directing oligarchy, the exploitation of the public services may go directly counter to the interests of the greatest number, and to the exclusive profit either of the sovereign or of the ruling class. So it often happens that in a capitalist state, and especially in a monarchical and military state, there are socialists who themselves protest with all their strength against certain extensions of the collective domain.

The German social-democrats, for example, have been in the first ranks of the opposition against the projects of Bismarck on the tobacco monopoly, of

Kaunitz on the wheat monopoly, or more recently against the propositions of the agrarians relative to the transformation of the Reichsbank into a government bank. "To demand to-day the creation of a government bank"—said Schoenlarik, in the Reichstag, February, 1899—"would be to furnish arms to the Junker, to facilitate their projects of spoliation, to assist them to paralyze the progress of modern production.*

Likewise, in his book on the agrarian question, Karl Kautsky declares clearly against the bourgeois formulas of the nationalization of the land, which would have no other effect, in an absolute monarchy like Germany, but to increase the number of tenants of the State, to furnish it with resources for casting cannon, building forts, manufacturing arms, and permit it, in a word, to make enormous unproductive expenditures, while escaping the financial supervision of the parliament.**

In short, the first condition for the extension of collective property being advantageous for everybody is that the government belong to everybody.***

And if it is true that in countries more or less democratic, the proletariat exercises from this time such an influence that the social interest predominates in the operation of certain State monopolies, what is to-day the exception can not become the rule until the day when the complete conquest of the public powers shall finally crown the political emancipation of the workers.

But however complete may be this transformation of these powers, it would not alone suffice to put an

*Stenographische Berichte ueber die Verhandlungen des Reichstags, 8 Februar, 1899, p. 725 and fol. This speech is summarized in De Greef, *Le credit commercial et la banque nationale* (of Belgium), p. 159. (Brussels, Mayolez, 1899.)

**Kautsky: *Die Agrarfrage*, p. 321 and fol.

***Das Erfurter Programm, p. 129 and fol. (Stuttgart, 1892.

end to the manifold disadvantages which result from exploitation by the State, in its present form.

Most of them proceed, in fact, from excessive centralization and from the complete confusion which exists, almost everywhere, between the governmental functions of the State and its economic functions, between what Schaeffle calls *Staatswirthschaft* (State Economy) and *Volkswirthschaft* (Social Economy), or, to take the strong expression of Saint Simon, between the government of men and the administration of things.

2. The Government-State and the Industrial State.

The modern State is not one moral person, but a complex, multiform, protean agglomeration of moral persons, exercising the most diverse functions.

Side by side we find warrior structures, bequeathed by the centuries, and industrial structures, added by recent times.

Represented by its ministers, it is at once general, grand master of the university, chief of the magistracy, prefect of police, and on the other hand director of the posts, the telegraphs, the telephones, the railroads, builder of bridges, inspector of industry and of the mines, protector of agriculture, manufacturer of currency.

"In France," says E. de Laveleye, "the ministers, to begin with, dispose of a sum of 3,000,000,000 francs, which exceeds the revenue derived from the land tax. Moreover, they control the budgets of the municipalities, the departments and the benevolent institutions, which again amount to a good billion (francs). They supervise, regulate and inspect the public schools of every kind and of all grades; they appoint the bishops, and pay with one hand the ministers of worship; with the other, the briefly clad

dancers who exhibit their graces at the Opera; they maintain the institutes, academies, observatories, etc.; they determine how many acres shall be planted in tobacco, and how many plants there shall be to each acre and how many leaves to each plant, and for this matter they appoint special inspectors charged to do the counting; they sell this narcotic in the appropriate bureaux, for which they appoint the innumerable agents scattered all over the country; they carry the letters, the telegrams, the newspapers, which requires still another legion of employees; they build roads and railways; construct bridges and canals; they exploit the national forests; they raise new forests on the mountains and supervise the woodlands of private owners; they make porcelain at Sevres and carpets at Gobelins; by the rights of revenue, excise and by premiums in the favored industries, they determine the division of labor in all branches of production."*

And for the supreme direction of these multiform services—directed in fact, by officials who are competent but irresponsible—a certain number of politicians are chosen, responsible but incompetent.

Now when the presidency of a board of directors of a private railroad is a real profession; when likewise it would be a simple matter of common sense to place at the head of the State railways engineers, experts, professional men, strangers to politics; what is done is to search in some province for lawyers, politicians, who usually have no other claim to the direction of the national locomotives than the services they may have rendered their party.

The same minister—that was the case in Belgium with M. Vanderpeereboom—manages the railroads and guides the car of state.

*De Laveleye: *Revue des Deux Mondes*, Dec. 16, 1882.

Let him meet a political check, and he resigns at the same time his technical functions, and it is precisely this confusion, this incapacity or this instability of ministers, this diverse mixture of contradictory and incompatible functions, which furnish the "liberal" economists with the clearest of their arguments.

• Adopting the system of the drunken Helot,* so dear to the Spartans, they show us the bourgeois State, with its bureaucratic parasitism, its stifling centralization, its fussy regulations, its wasteful administration; and they say to us, Here is the system you would like to make general! Now, it is exactly the opposite that is true.

Collectivism does not merely imply the collective appropriation of the means of production and exchange. It also aims at the differentiation of the political State, the organ of the government, from the industrial State, the banker, manager of transportation and organ of the economic life of society.

We say differentiation and not separation, for if the industrial services, the economic organs, ought to have an autonomous existence, indispensable to their proper working, they could not have an existence independent of the State, in so far as the latter is the organ of the collective will.

Legislative intervention, which shows itself at present in regulating the hours of labor, organizing workmen's insurance, and protecting workers against abuses of authority on the part of the employers, would evidently continue to show itself if the enterprises had a public character. But more and more, in proportion to the extension of the collective domain,

*It is said that the Spartans, who were a small military nation in Greece, living on the labor of a subject class called Helots, used to instruct their sons in the wisdom of temperance by making one of these Helots drunk, and calling attention to his absurd conduct while under the influence of too much wine.—Translator.

the necessity will increase for a differentiation of the economic and the political functions—a differentiation as complete as that which exists in the individual organism between nutrition, digestion and circulation on one side and the functions of the nervous system, of life in its larger relations, on the other side.

It is this, moreover, from now on which is tending to work itself out in all countries, apart from any preconceived idea, under the pressure of circumstances. Everywhere, in fact, a distinction more or less clear is demanded or is realized between politics and administration.

In 1898, for example, the "Federation of Industrial and Commercial Associations" of Belgium, complaining, wrongly or rightly, of certain anomalies in the tariff of railroad transportation, declared "that these abuses will last as long as the railroads are operated by the State and directed by a politician, who will always be a mark for solicitations and pressure of every kind." It demanded, therefore, the establishment of a consulting committee on the tariffs to be composed of railroad officials, members of parliament and representatives of Belgian commerce and industry, with which the minister should be required to consult before establishing or modifying the tariffs."

A similar proposition is aimed at by a bill introduced into the French parliament.

More recently, in the articles which he has published on "Postal Anarchy in France," anarchy which, by the way, he seems to have exaggerated considerably, Paul Leroy-Beaulieu declares in his turn for the separation of the political State from the postmaster State: "It may be questioned," he says, "whether it was a good idea to parliamentarize the postal service, that is to say to put at its head an

under-secretary of State, a deputy or a senator. The postal administration has in it absolutely nothing political; it can only be directed by a man who has absorbed in his career a certain technical competency. Why then put at its head an ornamental personage, necessarily incompetent and professionally a make-shift?"*

And why then, let us add, generalizing these just observations, why put personages of the same type at the head of the other public services, and notably of the industry of transportation, which is becoming more and more a State monopoly? Why not imitate the example of the Swiss government, which, in a project for a government bank, as in the law regulating the organization of the railroads bought in 1898, took good care to establish a strict separation between politics and the management of public interests?

The Swiss railway administration, in fact, preserves in its relations to the central power a full and complete autonomy. The members of its directing council are appointed, partly by the Federal Council, partly by the Federal Assembly, partly by the different cantons. Their functions are incompatible with political and governmental functions. They are professionals who are not politicians, instead of being professional politicians.*

The same system of autonomy exists and has produced excellent results in most of the English colonies of Australia with the railroads,* in Belgium, with the savings banks and the municipal loan bank—State institutions yet legal personalities distinct from

**Economiste français*, Jan. 13, 1900.

*Message of the Federal Council of March 25, 1897, chap. V. *Organization des chemins de fer d'Etat*, pp. 141-154.

**W. M. Ackworth: *Government Railways in a Democratic state*. (*Economic Journal*, Dec., 1892.)

the State,—in England, on the municipal field, with school boards, boards of health, etc.*

By extending this system to all public services, it would be possible to suppress the manifold disadvantages resulting from ministerial incompetence or instability and from the improper intervention of the State-power in the domain of production. But this reform alone would be radically insufficient: it would bring no remedy for the organic defects presented by the State-administration in its present form.

3. The Decentralization of Social Enterprises.

In the administrative like the political order, the characteristic of the present system is centralization pushed to the extreme.

From top to bottom, in almost any administration, a system of management reigns looking much more to decision than to execution, paralyzing initiative and suppressing responsibility. In the Belgian State railways, for example—and as much might be said for other countries—an engineer in charge of a shop can not modify in any way the processes or the system of operation in the service which is directly entrusted to him, without the authorization of his chief, who in his turn has to ask the authorization of the management, which again, in most cases, has to ask the approval of the council of administration.

In short, every initiative has to pierce three zones, in which it has much chance of meeting obstacles in routine, ignorance or hostility. If it starts from a man of much will power, it will overcome these obstacles, but as men of this type form the exception, the initiative quickly finds itself rebuffed, and oftener than not, it ends by becoming null.

*M. Vauthier: *Le gouvernement local de l'Angleterre*, chaps. VII. et IX. (Paris, Rousseau, 1896.)

132 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

On the other hand, this triple overlapping, which is required by the organization itself—with the aim of bringing everything back to the center—results in the suppression of responsibility. Granted the habitual incompetence of the minister, it is the council of administration which represents the public, for the control of the economic management. But to whom shall the public turn, if the management has been bad? To the superintendents? Impossible, since these have decided nothing and can decide nothing, without the approval of the council. And as for the superintendents, the head of a department, the engineer of a shop, not one of them is tempted to exercise this control in the name of the public interest, since no measure has been taken without as a preliminary involving the responsibility of all.

This system has pushed its roots so deep that the control in public administrations is adjusted not from the point of view of economics but of formality. The great question is to know whether the authorizations, following the hierarchical ladder, have been asked and obtained. The cost of production is not considered. Never does the director of a shop, any more than a director of traffic or a director of administration, make an account of operating expenses. The official reports of the minister of railways, for example, as well as the answers to the questions directed by the houses of parliament, show this clearly. The few figures that are furnished, and that can be furnished, are the tabulated statistics submitted to the Comptroller of State for the balancing of the budget.

For such a system should be substituted—and nothing would prevent doing it now; it would even be an excellent preparation and training for the federalist organization which will replace the present organiza-

tion—the system of decentralization, that is to say the system of autonomy and of responsibility.

This system, moreover, the bourgeoisie knows perfectly well how to apply, to the fullest extent, from the moment when its direct interests are involved. In every industrial corporations the manager is, from the technical and commercial point of view, distinctly independent of the board of directors. Representing the stockholders, this board concerns itself mainly with results, it does not interfere with decision and execution except in cases where the interest at stake is considerable, and where it is thought necessary to exercise a preliminary control.

The more important a corporation is, the more complete is the decentralization: at Seraing-sur-Meuse, for example, at the Cockerill establishments, there is a manager of the coal mines, a manager of the smelters and rolling mills, a manager of the steel works, a manager of mechanical construction, a manager of the shipping department, and while their shops, their furnaces, their quarters are found in the same enclosures, while they are operating with the capital and for the profit of the same stockholders, each of them is completely independent of the others. The steel plates turned out by the manager of the furnaces and rolling mills do not necessarily go into the shops of the manager of mechanical construction. If the former can sell dearer or the latter can buy cheaper by applying outside, the manager of the smelters will export and his colleague will import into the factory. It is the same with the products of the coal mines or the steel works.

An analogous system is found again in railroad companies. In the Northern Company (of France), for example, the locomotive service furnishes the traffic service with the appliances of traction, and bills to it the locomotive-hours which it furnishes. The

134 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

manager of the locomotive service is responsible to the company for the cost of maintenance of the locomotives and the traffic manager for the cost of hauling the trains.*

In the State railways, nothing of the kind exists, and the reason for this state of things is that, in the present organization of the State, everything proceeds from the idea of the one omnipotent and omniscient power.

To complete, therefore, the advantages of autonomy in public service as regards the government, it would be necessary to give to each of these services a decentralized organization, comprising sections clearly defined and autonomous as far as possible in everything that concerns their own action. Under these conditions the responsibility of each one, instead of being vague and diffuse would become effective and easy to establish; personal initiative would be encouraged; the organization of State services would acquire the flexibility and the freedom of action which it absolutely requires, and while preserving the advantages of socialization, we should borrow from the great corporations the superiority which they present as regards the organization of labor.

4. The State of the Future.

The immediate reforms which can be and which ought to be realized to increase the advantages and reduce the disadvantages of the operation of public services are evidently only the key and the starting point to much more complete transformations in the present organization of the State.

Peacefully, or through revolution, by a series of insensible modifications, or by more or less sudden eliminations, the authoritative functions of the State

*This information appeared over the signature of "Lux," an editorial writer, in *Le Peuple*, a newspaper at Brussels.



will go on decreasing while its economic functions will take on an importance ever greater and greater.

The contrast between the governmental-State and the administrative-State is nothing else, in fact, than a reflection of the opposition which exists between the military structure and the industrial structure of societies. Now, every fact indicates that in the last analysis and in spite of inevitable reactions, temporary and partial, the political conquests of the proletariat, the development of its international organization, the absorption, more or less complete, more or less rapid of capitalist property by collective property, must result in eliminating the causes of war between men and likewise between nations, and consequently result in reducing progressively the importance of the governmental institutions founded on compulsion.

But, at the same time there will be a corresponding increase in the importance of the administrative institutions, decentralized and autonomous, which will have for their object to organize the social commonwealth and to operate in the common interest a collective domain always growing in extent.

If we prolong these two tendencies into the future we shall reach a system founded on voluntary co-operation in which the governmental-State, following the expression of Engels, will have gone to join the spinning wheel and the bronze hatchet in the museum of antiquities, yielding its place to the administrative-State, which is nothing else than the sum of the functions and the organs which have for their object to assure the greatest production and the most just distribution of wealth.

Such is the conception common to all the great theorists of socialism from the anarchist Proudhon up

136 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

to his fraternal opponents of the Marxian school, from the disciples of St. Simon to those of Fourier.*

All might on this point adopt the conclusions of Considerant, who explained the phalansterian doctrine in his book entitled *Destinee Sociale*, as follows:

"States when thus transformed, regulating, in their different institutional orders, the movements of commerce and finance, presiding over exterior industrial relations of the different centers of population, are nothing else than agencies appointed by associations more or less numerous, and entrusted with the confidence of those who have chosen them. There is no longer a power having under orders an army and a force of police; there is no more despotism nor usurpation possible—a thing which nations will always have to fear as long as they are obliged to manufacture sabres.

*See Proudhon. *Du principe federatif*. Premiere partie. Chap. XI. (Paris, 1863) and *Capacite politique des classes ouvrieres*. Deuxieme partie. Chap. XV. (Paris, 1865.) Engels, *L'origine de la famille, de la propriete privee et de l'Etat*. Chap. IX., in fine. (Paris, Carre, 1893.) *Doctrines de Saint Simon*. Exposition, 1828-1829, 7eme seance (Paris, 1830). Considerant. *Destinee sociale* (Paris, 1834, 1838).



CHAPTER IV.

THE FORMULAS OF DISTRIBUTION.

Society has no beginning without communism. Its essence is communism and historic evolution is a generalization of communism.—Rodbertus.

We have just shown that the organization of labor under a socialist system would differ far more from the organization of State monopolies than these differ from the private capitalist organization of enterprises. But it is important to insist still more on the profound, essential, pivotal change which would result from the socialization of the means of labor as well from the point of view of production as from that of distribution.

What especially characterizes the capitalist system is, as we have already said, the production of merchandise, or exchange values, with a view to realizing profits. "In a system of private property," says Rodbertus, "no work is ever done for social and fundamental needs. Work is done for the market, for the demand, which interprets itself by the sums of money offered. Extreme suffering may exist; if the sufferers have no exchange values at their disposal nothing would be done for their relief. Social labor is exerted only for the profit of the proprietors." Suppose, on the contrary, that property became collective. It is then for the profit of the collective proprietors that social labor will be carried on. Instead of production being for the sake of profits, it will be for the satisfaction of needs; instead of manufacturing useless or superfluous things when thousands of workers are crying for hunger, a start will be made

138 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

with the most pressing need; care will be taken to feed, to house, to clothe and to instruct before devoting the surplus of social effort to more refined labors. In short, by an apparent return to primitive forms production for exchange will give way to the production of use values, but for the social community and no longer, as formerly, for the domestic community.

We can to a certain extent take account practically of the bearing of this change, this revolution, by comparing, if small things may be compared with large ones, the organization of an impersonal, capitalistic corporation with that of a socialist co-operative society like the Vooruit, of Ghent, or the Maison du Peuple of Brussels.

The corporation to all intents labors for the national or international market; it produces exchange values with the sole end in view of realizing for the restricted collectivity of its stockholders the greatest possible profits.

Generalizing this type of association with its stockholders without labor and its laborers without stock: you have the capitalist social organization.

The co-operative society, on the contrary—the ideal of which would be to employ all its members in the production of everything that they consume—labors especially for the associated families, and when it remains faithful to its principle seeks much less the realization of profits than the production of the greatest advantages for the co-operators.

Generalize this type of association, and you will have a very imperfect idea, very rudimentary too, of what would be, or rather might be, the socialist system.

Of course, it would be altogether ridiculous to assume to find the miniature image of the future world in these little embryos not yet out of the capitalist

womb which marks them with its imprint and furnishes them with the means of existence. But we believe, nevertheless, that the best way of conceiving in a tangible and concrete way the method of socialist production is to take for a starting point its actual realizations, however incomplete they may be, to eliminate in our thought all the capitalist survivals that they contain and to imagine on the model of our great Belgian societies, for example, a giant co-operative society having for its associates all the citizens of a country, or of a region more or less vast, possessing as social property all the machinery of production, or at least the productive machinery of all the great industries, in which all the members, at once producers and consumers, would give their labor, intellectual or manual, would elect, directly or indirectly, their administrators, or their chiefs of departments, and would produce all the utilities, all the use values, necessary for the satisfaction of their needs.

What the distribution would be in a society of this kind is according to our adversaries and our critics the problem whose difficulties are manifested by the very contradiction of the formulas which are proposed.

However great these difficulties may be, and we propose to meet them squarely, it should, nevertheless, be observed that nothing prevents us from conceiving of a collective society from the double point of view of property and production in which we might limit ourselves to improving and perfecting gradually the methods of remuneration, of distribution, which exist in the present society.

In the same way that the socialist co-operative societies employ wage workers, but assuring them meanwhile a minimum wage, a share in the profits, a work day not exceeding eight hours—at least in Brussels—

a stable and permanent employment, a series of benefits in cases of sickness, old age, or incapacity for labor, just so in the great co-operative which would make up a collectivist society, it would not be in any way impossible to maintain in a certain measure the higher forms of the wage system.

But let us hasten to add, this partial collectivism this capitalist collectivism, as we might say—if these two words would not cry out at finding themselves together—this compact between socialism and individualism would be and could be nothing but a transition toward complete collectivism. Consequently this does not relieve us from studying the formulas of distribution put forward by the different socialist schools.

However numerous, moreover, these formulas may be, they can be reduced to two fundamental points of view: the need of satisfaction or the labor furnished—the right to existence or the right to the entire product of one's labor.

Starting out with the conception of need, of use value, and taking their stand on the right to existence the communists say: From each according to his abilities, to each according to his needs. Taking their stand on the contrary upon the conception of labor—of exchange value—the collectivists in the narrow sense of the word reply: To every laborer the entire product of his labor.

At first sight, these two formulas are absolutely contradictory. We believe, however, that it is possible and necessary to reconcile them and to complete each by the other.

I. The Right to the Entire Product of One's Labor.

The right to the entire product of one's labor finds its complete realization on Robinson Crusoe's island,

or possibly in a social state where, property being collective, the use of the common property remains individual. That is the case, for example, in a rural commonalty where, if not every laborer, at least every economic unit, every household, receives its allotment, produces everything it consumes and consumes everything it produces.

But starting from the point where, under any form whatever, production becomes social, where associated labor is substituted for individual labor, there can be no question of giving each laborer his product in kind, but only the value of that product, the equivalent of the labor power expended is in the common work. And there arises the problem of determining what is the value as a principle of distribution of this ruling formula, this leading motive of all socialist programmes: to each worker the product of his labor.

As Anton Menger* has observed, the right to the entire product of one's labor has, in the socialist theories, two quite distinct functions, one positive, the other negative. By virtue of the latter, the unearned incomes, a necessary consequence of the private appropriation of capital, are seen to be an injustice which must disappear. By virtue of the former, each worker ought to draw from the total product as much value as he has himself created by his labor.

That it is not so under the capitalist system, results, undeniably, from all the considerations that we have examined.

"As soon as land becomes private property," says Adam Smith, "the landlord demands a share of almost all the produce which the laborer can either raise or collect from it. His rent makes the first deduction from the produce of the labor which is employed upon

*A. Menger: *Le droit au produit integral du travail*, p. 212-214. French transl. (Paris, 1900.)

the land. * * * The produce of almost all other labor is liable to the like deduction of profit.**

For it to be otherwise, the laborers would have to be proprietors of their means of production, and themselves consume their product or receive its exact equivalent.

To hope for the generalization of such a state of things on the basis of individual property, would be, as we have shown in our chapters on industrial concentration, the most retrograde of utopias. But on the other hand, is it possible that the formula of the right of the laborers to the entire product of their labor can find its realization in a socialist state, on the basis of collective property? And supposing it were possible, would this formula of distribution accord with justice? Such are the two weighty questions which it is our duty to examine.

For every laborer to receive the entire product of his labor, in a system of socialized production, it would be necessary—and that is one of the chief objections that people think they make to collectivism—to be able to isolate this product, to determine the part that it represents in the total product of associated labor. Now, after the countless discussions called forth by this problem, we scarcely need to say that this determination is confronted by difficulties which seem insurmountable. Unless we limit ourselves to empirical valuations or attribute the same value to all labor days, skilled and unskilled, how can we estimate the value produced by each of the individual forces of labor, cerebral or muscular, mechanical or executive, which unite in the extraction,** the manufacture and the circulation of a product?

*Adam Smith: *Wealth of Nations*. J. E. Thorold Rogers' edition, Vol. I., Book I., Chap. VIII., pp. 68 and 69.

**The author uses the term extraction, for which no English equivalent in common use can be found, to designate any

To search for the portion of an individual's labor in a social product is, in the vast majority of cases, like trying to find a needle in a haystack.

Moreover, admitting that there were a common measure to determine the value of all individual labors, still it would not be just to divide among the direct producers the entire product of the associated labor. That would be to deny the right of the indirect producers, of all those whose intangible co-operation brings an indispensable help to the common work, it would be likewise to deny the right of existence of the weak, of the incapable, of all who are born to suffer; nally, and above all, it would be attributing to the individuals who compose society the results obtained by society itself.

"Individual labor," Rodbertus well says, "is in great measure fruitful only through co-operation. Why should it return to the individual that which he has not created? The collectivity whose united effort alone produces the results useful has its right to a part of the product which will not be divided."*

At the moment, then, when social production is substituted for individual production, the formula of individual production, the formula of one's labor can no longer be applied to the product of one's labor. It signifies merely the laborers taken together ought to enjoy the fruits of social labor without the possibility of deduction being made by any one having individual control of the means of production.

It does not as yet show what share ought to be given to each laborer in the wealth produced by society, what portion of which he is a part; and it is here

where which portions of the earth are converted into materials for manufacture, as for example, the cultivation of wheat or the mining of iron.—Translator.

us: *Das Kapital*, p. 86, quoted by Adler; *Les principes du socialisme d'Etat en Allemagne*, p. 335. (Paris, 1897.)

that our adversaries—outlining the antithesis between the right to existence and the right to the product of labor—think they have found the stone of stumbling for collectivist socialism.

Collectivism, it is said, has no formula of distribution. Economists like Leroy-Beaulieu are on this point in accord with the communist-anarchists like Kropotkin, who oppose to the collectivist formula the communist principle: "From each according to his abilities; to each according to his needs."

2. The Right to Existence.

In his book, "The Conquest of Bread," Kropotkin, developing the formula of the right to existence, or rather, of the right to comfort, declares that the only principle of division which can be adopted in a communist society is the principle already adopted by the agrarian communities in Europe.

If the commune possesses a forest, for example, as long as fire wood is not scarce, each one has a right to take as much as he wishes without any other control than the public opinion of his neighbors.

It is the same with the communal pasture lands. As long as there is enough for the commune, no one controls what the cows of each household eat, nor the number of the cows in the pasture. No recourse is had to a division, or to apportioning except when the pasturage is insufficient.

And if you go into the countries of eastern Europe where large trees are found in plenty and where land is not lacking you see the peasants cutting down the trees in the forest according to their needs, cultivating as much ground as they need without thinking of apportioning the large trees nor of dividing the land into allotments. Nevertheless, the large trees will be apportioned and the land divided according to the needs of each household from the moment that

either becomes scarce as is already the case in Russia. In a word, they take what they like of things that are produced in abundance; they proportion the things which have to be measured and shared.

Out of the 350,000,000 people who inhabit Europe 200,000,000 are still following these practices which are most deeply rooted in human nature.*

Let us observe, however, that these primitive methods of distribution are related most frequently to natural wealth, the production of which requires no labor. From the moment, on the contrary, when the element of labor comes in, when the necessity of a productive effort makes itself felt, the application of the communist principle generally meets with formidable resistance. Besides it is justifiable to ask how intense the altruistic sentiments of the laborers would have to be that their productive energy might not be weakened by the absence of any direct and personal interest in the increase of production.

Accordingly while we recognize with Kropotkin the communist tendencies which are shown even now in modern society—tendencies which would receive a much more considerable impulse under a socialist system—it seems to us as impossible to admit that in the distribution of the social product account can be taken only of the needs of each individual to the exclusion of his work as it was impossible to admit that account be taken only of his work to the exclusion of his needs.

At bottom the two formulas—to each according to his work and to each according to his needs—represent the point of departure and the terminal point of an evolution which draws from the present system the most imperfect forms of collectivism to end

*Kropotkine: *La conquete du pain*, pp. 78 et 79. (Paris, Stock, 1892.)

146 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

finally in the freest and most complete forms of communism.

On this point, moreover, we agree with some and not the least prominent among the communist-anarchists themselves. "When nations," says Edward Carpenter, "have learned the lesson of commercialism and of competition as thoroughly as those of to-day have learned the lesson of each for himself, they must have time to forget it. The sense of the common life so long stifled and repressed will grow and will enlarge anew but slowly. It must be admitted, then, that in order to give new ideas and new habits of life the time to develop we shall have to pass through the intermediate stage of socialism. Such formulas as the 'nationalization of the land and all of the instruments of production,' although vague and really impossible to apply accurately, will serve as centers from which to develop this sentiment. Their partial application will accustom men to the effort of common labor and the idea of common work."*

Thus the apparent contradiction of the principles put forward by the various socialist schools tends to disappear when we admit that they correspond to different stages of social evolution.

We all have communism for our ideal and our ultimate aim, and even from the present moment, in an increasing number of public services, we find partial applications of it: that is the case, for example, with expenditures for free education, with the feeding of school children in schools managed by socialist municipalities, and with the recognized guarantees of existence, at least in certain cases, for the sick, the aged, and the infirm.

Perhaps the time will come when the progress of morality and of social unity, the abundance of pro-

*E. Carpenter: *Etapas vers la liberte*. (*Humanite nouvelle*, Jan., 1898.)

duction, the disadvantages and the difficulties of any other mode of distribution of wealth will result in generalizing the application of the communist principle. But, in the present state of things, we must needs reckon with egoism, with narrow personal interest, to the extent necessary to assure the maximum productivity of social labor.

3. Summary and Conclusion.

To sum up then, it is impossible to formulate a principle of distribution which shall be universally applicable to all stages of social evolution. The superiority, always relative and transitory, of such and such a formula depends, in the last analysis, on the faculty which it possesses of assuring better than any other—at a given moment—the greatest expansion of productive forces, the greatest activity of production as a whole.

Let us observe, moreover, that in a socialist state these questions of "dividing" would not have the essential importance that they possess to-day and which, for this reason, the bourgeois communists continue to attribute to them when they transport themselves in imagination to a different social state.

At present, as a matter of fact, the entire surplus value is shared among the holders of private capital. It is subsequent to the process of sharing that a part of this surplus value—that which is not consumed unproductively—serves to develop the means of production, to reward the indirect producers or else to defray public expenses.

In a socialist system, on the contrary, there would be no question of sharing except for a fraction relatively small of the surplus value produced by social labor. Before any distribution of this surplus value among individuals the community would deduct the resources necessary for the further development of

148 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

production, for the wages of the laborers who might not participate directly in material production, and in support of the public services placed gratuitously at the disposal of all the citizens.

Now in a social state where the influence of communist principles would go on ever increasing, these deductions made in the interest of all would limit more and more the field of individual distribution.

Let us imagine, for example, a society which should itself regulate by acts of collective decision the development of its means of production which should concede to all the laborers as well as to those incapacitated for labor, an equal right to the satisfaction of their essential needs, which should organize into free public services, the instruction and support of children, housing, lighting and heating, the distribution of drinking water, the transportation of letters, of travelers, of products, in a word all the functions of social life which correspond to general needs approximately the same for all individuals. Is it not evident that in a society of this kind, all impregnated with communism, the problem of individual distribution, according to the quantity or the quality of the work furnished, would no longer have more than a secondary importance?

This is already, to a certain extent—we return to the subject again to make our thought more concrete—the mode of distribution in force in the socialist co-operative societies.

In the Maison du Peuple at Brussels, for example, before proceeding to a division of the profits, the rules guarantee to the laborers employed a normal wage, to the groups of the Parti Ouvrier rent, heat and light; to the sick members their daily bread and relief in the way of medicine and medical attendance, to the sections of art, instruction, education and propaganda sums proportionate to the resources which the

co-operators have at their disposal; and it is only after having made these deductions, and after having determined the sums that must be kept in reserve for the renewal and the development of the social machinery, that the remainder is distributed among the co-operators.

In the same way in the socialist state, it is after having satisfied all the primary necessities, after having assured the right of existence to all members of the community, that the excess of the products, or rather of the values produced, could be made the object of a differential distribution.

To the extent that it would be socially useful from the point of view of production to assign special advantages to certain laborers, or to certain classes of laborers, in order to stimulate their energy and their labor power, nothing would prevent a collective society from maintaining—allowing for changing circumstances—the gradation of salaries which exists to-day in the public services.

Collectivism does not necessarily imply equality of remuneration.

And this permits us to answer that time honored objection that in a collectivist society all would wish to work at the most agreeable and the easiest occupations. It would then be necessary, they say, to employ constraint to obtain a just distribution of the working forces: scavenger work would be compulsory as military service is now.

Let us remark in the first place, that from the day when it should be so, the necessary inventions would very quickly be developed to reduce the "repugnant tasks" to a very small affair. But, to meet the objection in all its force, with the usual bearing that is given to it, is it not plain that in this regard the collective regime would have at its disposal the same means of action as the capitalist regime?

What happens to-day when there are too many workers in one branch of industry? Wages go down. They go up, on the contrary, when there are too few. The same sanction would exist under a collectivist regime: after the necessary deductions were made and the minimum wages paid, the share of each one in the surplus to be divided for each branch of production would be smaller in proportion as the participants were more numerous. Consequently the over-crowded occupations would be, relatively, ill paid; the deserted occupations, the unpleasant and dangerous tasks, would receive a more considerable reward. There would be only one difference, and quite in favor of collectivism, namely, that to-day, by reason of the defects in professional instruction, the passage from one branch of industry to another generally presents extreme difficulties, which in a socialist state could in great measure be avoided.

Ought we to attempt going farther in the examination of the problems raised by the organization of labor on a collectivist plan; to inquire, for example, how and to what extent the groups of workers would share in the conduct of undertakings and in the selection of the directors? To do this would be failing to see that such solutions must necessarily vary according to the times, the places, the industries, and the degree of intellectual and moral development of the producers.

Just as it is important to be precise and practical when it comes to measures that must be taken from one day to the next, even so it would be, to our mind, rash and chimerical to wish to outline in advance the detailed plan of an organization of which only the main lines appear on the social horizon.

Moreover, if there are some whose minds delight in hypotheses of this sort, we refer them to the numerous pictures of the system of the future which

have seen the light in the last ten or fifteen years. They will have all the choice they could ask between the scientific precision of Schaeffle, the rather other-worldly ingenuity of Bellamy, the delightfully poetic imagination of William Morris,* and when they have gone the rounds of the contemporary utopias, the very diversity of these ideal conceptions will show them their essentially subjective character.

Far be it from us, moreover, to overlook the real value of these literary productions; they make pleasantly concrete the abstractness of our systems; they answer the thousand objections as to detail which rush to the lips of those who hate new ideas; they accustom our thoughts to move freely, outside the historic categories of the bourgeois world; but, when they have helped us make our dreams more definite, it is important for us to renew our contact with reality, to measure the obstacles which separate us from the promised land, and to seek by what means it may be reached by the nations now on the march toward a better future.

*See Schaeffle's "Quintessence of Socialism," Bellamy's "Looking Backward" and Morris's "News from Nowhere."

CHAPTER V.

THE MEANS OF REALIZATION.

Flectere si nequeo superos Acheronta movebo.

(If the divinities can not be moved I will turn to the demons).—Virgil.

In all the branches of production and exchange where capitalist concentration has done its work, destroying or subjecting personal property, the expropriation of the expropriators forces itself upon us as the one really efficacious means of re-establishing on a broader foundation the union of property and labor. But if all the socialists are in accord on this point, the same accord is far from existing as to the means to employ in reaching this result.

We may group into three categories the plans of socialization proposed by different schools, according to their aiming at the expropriation of the means of production without indemnity, with complete indemnity, or with a limited indemnity.

1. Expropriation Without Indemnity.

Those who advocate the confiscation pure and simple of capitalist property can invoke historic precedents, of which the most conspicuous, of course, is the suppression without indemnity of the feudal rights in 1789.

In his book on Socialism and the French Revolution, Andre Lichtenberger has clearly shown that the arguments which tend to justify the expropriation by the bourgeois apply, through identity of motives, to the expropriation of the bourgeois, and that consequently, whoever exults over the annihilation of the privileges of 1789, is perhaps rather ill grounded in

protesting for the sacred character of the privileges of 1900.

"Much less threatened, no doubt, than the feudal privileges in 1789," says Lichtenberger, "capital has this in common with them, at the present moment, that it represents legitimate property only in the eyes of a certain fraction of the nation, and that it might be, as the feudal rights were, seriously put in question, whenever that hostile portion of the nation, coming into power, might make for itself a definition of property in which capital should not be included. Indeed, it need not be said that, theoretically, such a measure would be much more menacing to property than was that of 1789. From the moment that prescription ceases to cover property, we may imagine well enough with reference to capital a policy quite analogous to that which was followed in dealing with the feudal rights. A distinction was drawn, among the feudal rights, between those which proceeded from mortmain and ought to be suppressed, and those which were derived from property and ought to be redeemable. A distinction would thus be made in capital between what is due to the accumulation of the product of labor and that on the contrary which is due to the labor of money alone: this last being regarded illegitimate and suppressed, and the first alone being preserved or replaced by consumable goods. And why, just as every sort of feudal privilege was finally abolished without indemnity, by reason of the hostility of the aristocrats to the new regime and of the exigencies of the public safety, why likewise should not every kind of capital, not paid for in consumable goods, have the same future, for reasons quite analogous?"

*Lichtenberger: *Le socialisme et la Revolution française*, pp. 234 et seq. (Paris, Alcan, 1899.)

No one could say, in fact, whether the resistance of the possessing class will not some time have the same consequences as at the end of the last century; whether the long considered project of pacific and gradual expropriation will not suffer the same fate as the similar projects elaborated on the eve of the French Revolution by Turgot, Condorcet and their fellows. Only, if the confiscation of capitalist property, its expropriation without indemnity, be conceivable—leaving apart the question whether it would be legitimate—we must necessarily take for granted a simultaneous suppression of all titles to income, whether resting on land or capital.

As Kropotkin shows conclusively, there are in civilized societies connections established which it is impossible to modify materially if they are touched only in part. "Let us suppose indeed," he says, "that in certain regions a limited expropriation is made, that it is confined, for example, to the expropriation of the great landed proprietors without touching the factories, as Henry George demanded; that in such and such a city the houses be taken over without making common property of the merchandise, or that in such and such an industrial district the factories be taken over without touching the great landed properties. The result will be in every case the same. An immense upheaval of the economic life without the means of reorganizing that economic life on new foundations. A check to industry and exchange without a return to principles of justice, a state of things from which society could not possibly reconstitute an harmonious whole."

The reasoning—which we find in Deslinieres (*Esquisse du regime collectiviste*)—seems irrefutable:—expropriation without indemnity will be complete or it will not be undertaken.

But, on the other hand, evidently, if this expropria-

tion is not to meet with insurmountable difficulties, it must needs be that capitalistic concentration should have arrived at its completion; that personal property should exist only in memory; that the immense majority of the citizens shall be composed of proletarians who have "nothing to lose but their chains." But, even on this supposition, the realization of which seems at least distant, there is no doubt that of all forms of social liquidation expropriation without indemnity, with the resistance, the troubles, the bloody disturbances which it would not fail to produce, would be in the end the most costly.

"We do not at all consider," wrote Engels in 1894, "the indemnification of the proprietors as an impossibility, whatever may be the circumstances. How many times has not Karl Marx expressed to me the opinion that if we could buy up the whole crowd it would really be the cheapest way of relieving ourselves of them."

Let us then examine whether this purchase would be possible, granting the capitalists what the Belgian constitution calls "a just and reasonable indemnity."

2. Expropriation with Indemnity.

This is the process that the present governments practice when they buy up, for example, a railroad concession.

The State borrows the necessary sums to effect the purchase and the expropriated capitalists receive, at the very least, the equivalent of what they give up. Oftener than not, the indemnity which is paid to them greatly exceeds the value of the property which enters into the public domain. But supposing it does not, that the purchase is effected under normal conditions, who does not see that such an expropriation does not in any way solve the problem of the elimination of unearned incomes?

We suppress, it is true, the dividends of the stockholders, but we give them government bonds in exchange. We extend the collective domain but we increase proportionately the public debt. That is why Finet says in an interesting pamphlet: "Those who borrow to create a national patrimony act counter to the interest of the collectivity and for the advantage of the capitalists, as long as the latter receive their interest. They are buying from them property for more than it cost, and they are making investments for the State which, as a general things, do not bring to it more than enough to cover the interest."

There is no doubt some exaggeration in these criticisms. In spite of the exorbitant price of certain purchases, the unification of the Belgian railroads— independently of the advantages offered to the public and the employees—was not, financially speaking, a disadvantageous transaction.* But it remains no less true that the resumption of the means of production— when once it involves the increase of the public debt—does not in any way put an end to the existence of a parasitic class which has the privilege of living without labor, thanks to the exploitation of the labor of others. And under these conditions we can conceive only of the suppression of this parasitic class by bankruptcy or a sinking fund. One of two things, either the State would refuse or would find itself unable to fulfill its engagements,—which brings us back by an indirect way to the hypothesis of expro-

*The purchases were effected either by friendly agreement or by virtue of a purchase clause inserted in the original grants. Expropriation for the sake of public utility, which is based on Article 545 of the Civil Code and Article 11 of the Belgian Constitution has in view any kind of property, but has not been put in practice except in the case of fixed property. As to the necessity of a general law on expropriation for the sake of public utility, see Falder. "De l'extension en toutes matieres du droit d'expropriation." (Liege, Desoer, 1897.)

priation without indemnity, or else it would proceed to the gradual extinction of the public debt.

But, for a sinking fund resources are necessary, and those resources must necessarily be demanded either from labor or from accumulated fortunes. And this brings us to seek by what means the collectivity might indemnify the living capitalists while expropriating without indemnity the dead capitalists.

3. Expropriation with Partial Indemnity.

Among the modes of expropriation which belong under this formula there are some which assume—just as does expropriation without indemnity—a sudden and complete transition from the capitalist regime to the collectivist regime; there are others, on the contrary, which are perfectly consistent with a gradual and even limited transformation.

Schaeffle in "The Quintessence of Socialism" characterises as follows the systems of the first group: "The bourgeois may have a right over what he has acquired under the present system of production, and we will purchase from him his private capital, as he purchased the feudal right. But he has no right to claim for all the future the prevention of a better form of production. A new form of production may, at any time, be proclaimed by the people as a new state of justice. Thenceforth the capitalist will no longer be able to carry on his great industry alone: he will learn to think himself fortunate if society pays him and his children for his private capital in annuities consisting of means of enjoyment, which shall last until every one has adapted himself to the new conditions. Our capitalist will bow before the new right, proclaimed by a majority of the people, as the nobility had to bow before the right proclaimed by the bourgeoisie, and content itself with the purchase price of its claims for feudal service."

If recourse were had to such a process of expropriation, a family which possessed, for example, means of production to the value of \$20,000,000, ought to regard itself as sufficiently indemnified, if in the course of thirty, forty or fifty years it received in annuities the calculated value of \$20,000,000 in the form of means of consumption, of luxury, or of pleasure.

But, again, we suppose the simultaneous suppression of all forms of private capital. It would certainly be inadmissible that certain proprietors receive no more than a temporary annuity while others should continue to draw a perpetual income. Consequently, the formula of limited indemnity becomes inapplicable the moment that we deal with a gradual passage—following the line of least resistance—from capitalistic appropriation to collective appropriation. This process of socialization cannot be accomplished normally except by applying the same rules to every one, without creating different categories for the different categories of capitalists.

"The new social organization, the essence of which is that it is based on justice, ought to be accomplished without causing a single act of injustice." (Collins.) This may be arrived at by adopting a system which, according to the expression of Bazard, "consists in transferring to the State, which will have become an association of workers, the right of inheritance which to-day is limited to the domestic family."*

Among the countless systems which are intended to limit the right of inheritance, legal or testamentary, it will suffice to cite by way of example the methods proposed by Collins in his "*Theorie generale de l'organisation de la propriete*:"**

"1. Inheritance Without Testament.

*La Science sociale, t. V., pp. 320 et seq.

**Doctrines de Saint Simon. Exposition 1828-1829. Septembre seance, p. 187. (Paris, 1830.)

"The only inheritance without testament which is necessary to the incitement to labor is direct inheritance. Any other is needless for this incitement, so long as the privilege of testament exists.

"It is therefore proposed to annul by law all collateral inheritance and make collective property of every estate left without direct heirs and without testament.

"2. Inheritance by Testament.

"Inheritance by testament is necessary to the incitement to labor, as the primary social motive.

"In truth, this inheritance tends continually to diminish the collective wealth and increase individual wealth, and, consequently, to lead to the pauperism of the masses.

"But society, which alone protects the organization of property and the organization of the family, may place on this sort of heredity a tax as heavy as possible, provided it does not put an end to the incitement to labor.

"We do not carry this tax above 25 per cent.

"It is evident that whoever shall inherit by testament the sum of 100,000 francs will not think he is experiencing unfair treatment by receiving only 75,000 francs when he knows that he himself has his share in all possible successions made by testament.

"It is therefore proposed to establish by law a tax of 25 per cent upon all successions by testament."

It goes without saying that the rate of this tax, the possibility of its immediate application, and in short, the radicalism of the reform in succession laws, would depend in large measure on the parallel progress of legislation in neighboring countries and a number of other circumstances, too many to enumerate here. But, however that may be, it can not be denied that the limitation, more or less strict, of the right of inheritance seems one of the most effective methods to

160 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

secure for the State, or more accurately, for the collectivity, the resources needed to bring about the gradual socialization of the means of production.

It remains to inquire how these resources might be most usefully employed to that effect.

We find ourselves here in the presence of three principal systems, to which all others, in the last analysis, may be reduced:

1. Establishment of societies for production authorized by the State.
2. Entrance of the State into enterprises existing or in process of establishment.
3. Complete socialization of certain industries by the payment of a purchase indemnity.

A. Societies for Production.

This is the system which Menger calls "Societary Socialism," and which has become associated with the names of Louis Blanc and Ferdinand Lassalle.

When Lassalle asked of the State a hundred million thalers to equip workingmen's associations for production all over Germany, he was really taking up the projects of reform elaborated by Louis Blanc during the revolution of 1848.

In his book on the "Organization of Labor," and in Volume IV of his "Questions of To-day and To-morrow," Louis Blanc, taking up an idea of the disciples of Fourier, proposes to organize a Ministry of Progress, which shall have for its principal work to bring about, by gradual reforms, the disappearance of the proletariat. This ministry should have under its control the railroads and the mines, the banks of issue, the insurance companies, and should establish stores for retail trade and depots for wholesale trade, with the right for the latter to pay over, in return for merchandise deposited, a sort of merchandise-money. The profit which the State would draw from all these en-

terprises would serve at first to pay for the capital and the interest on the sums required by these operations; the surplus would provide for the "workingmen's budget." This budget would serve to establish workingmen's associations, agricultural and industrial, extending to them the credit of the State for the purchase of the means of production.

"This establishment," says Louis Blanc, "requiring an outlay of considerable funds, the number of the original factories would be rigorously limited, but by virtue of their very organization, they would be endowed with an immense expansive force.

"The government being considered as the sole founder of the social factories, it will be its part to revise the statutes. This revision, deliberated over and voted by the nation's representatives, will have the form and the force of law.

To work in the social factories—to the extent permitted by the capital first brought together for the purchase of the instruments of labor, all the workers would be called who offered guarantees of morality.

"As the false and anti-social education given to the present generation does not permit us to seek elsewhere than in an increased reward any motive of emulation and encouragement, the difference of wages would be graduated on the gradation of functions, until a new education changes ideas and habits as to this point. It goes without saying that the wage would in all cases be amply sufficient for the needs of the laborer."*

In the thought of their promoter, these social factories were to present, from the point of view of the productivity of labor, such a superiority over the capitalist factories, that the latter would be inevitably

*Louis Blanc. *Organisation du travail*, pp. 117 et seq. (Bruxelles, 1852.)

doomed to disappear, or to be transformed into social factories.

"Instead of being, as every big capitalist is to-day, the master and the tyrant of the market, the government would be its regulator. It would employ the arm of competition not for the violent overthrow of private industry—something it would strive above all to avoid—but for bringing it insensibly into combination. Very soon, in fact, in every sphere of industry where a social factory should have been established, we should see people flocking to that factory on account of the advantages which it would present to those in corporations, both laborers and capitalists. At the end of a certain time, we should see reproduced, without usurpation, without injustice, without irreparable disasters, and to the profit of the principle of association, the phenomenon which to-day is produced so deplorably and by force of tyranny, to the profit of individual egoism. A very rich manufacturer may to-day, by striking a heavy blow at his rivals, leave them dead on the field and monopolize a whole branch of industry. In our system, the State would little by little become master of industry, and in place of monopoly we should have obtained as the result of success, the downfall of competition—association."

Many things would have to be revised in this project for organization of labor, which substitutes, in fine, collective monopoly for capitalist privilege, and which leads to the suppression of competition within the various branches of production, but only to accentuate it in the relations of each branch of industry to the others. But, apart from these considerations of principle, it would be a strange illusion to suppose that in the present state of development of capitalism, any co-operative societies of production, even aided financially by the State would be in a position to compete successfully and to reduce to their mercy the

great enterprises which occupy and dominate the market.

It is scarcely anywhere but in the branches of production whose capitalistic development is still feeble—most of the farming industries, for example—that the system of productive associations might, in our opinion, serve as a bridge to a state of complete socialization.

B. The "System of Penetration."

Instead of creating new enterprises, whose competition should cause the disappearance of capitalistic enterprises, modern socialism designs rather to socialize the existing enterprises, whether by expropriating them or by introducing into them the participation of the State. To this last system belongs the plan of "free socialization" communicated to the Belgian Senate by E. Solvay, Dec. 27, 1899.

Solvay, being anxious to provide resources for the State without taking them from labor, and meanwhile to carry socialization as far as possible without striking at liberty or individual initiative, advocates a series of measures which he sums up as follows:

"It would be necessary at first to proceed to the revision of the laws regulating corporations, in order to prevent in future the too easy launching of any sort of enterprises to the almost exclusive profit of the promoter and the injury of the stockholders. We might, for example, impose upon the founders of an enterprise the obligation to remain interested in it five or ten years; the investors ought not to be paid except from the profits in excess of a certain rate of interest, etc. The measures to be taken in this regard should evidently be examined with care, but in any case, the revision of the legislation now in force is imperative, even to the

exclusion of the more general end that I have indicated.

"The number of the unsuccessful industrial and commercial enterprises would thus be found to be considerably reduced, and as, otherwise, the prosperity of such countries as Belgium, Germany, England, examined by periods, goes on increasing, any one who had enough financial strength to interest himself at once, even with his eyes shut, in all the enterprises which are created would be sure to make money by virtue of the law of averages, which is successfully applied by insurance companies of all kinds.

"The State, in my thought, would become, by virtue of a law, this general participant in all the enterprises created in the country. It would be authorized to say to the public: Bring in as much money as you wish, at a rate more or less equivalent to that of the national loans; I accept it in order to invest it, like an almost passive stockholder, in all the enterprises which are created or enlarged. This investment would of course be made under fixed rules to be determined.

"Under these conditions, the State could not have in this case more than an insignificant responsibility, and extremely limited expenses of administration, and it would profit by nearly the whole difference between the interest going to those lending money and the average dividend drawn by it on the sum total of the enterprises in which it would be interested. The more money was brought to it, the more it would increase its holdings. Private initiative in creating enterprises would remain intact, would not even be touched, and yet the State, in so far as circumstances permitted, would be socializing the enterprises more and more. And we may go so far as to conceive a theoretical social state resulting from all enterprises being finally socialized by the continued application

of this principle of liberty. Private initiative would never have ceased for a moment to be fully respected yet it would no longer be exercised at this last stage, except with the single end of obtaining for those who are active a superior reward for their labor, an industrial or commercial salary instead of a simple official salary.

"It seems to me that there may be in that a valuable principle. It comes to my mind as a solution that I have long sought for the problem of the progress and the limitation of progress of the social democracy, and at the same time of the socialization of enterprises; progress, limitation and socialization which would be, in fact and tacitly, determined for the State by the nation itself without departing from the regime of complete liberty."

To sum up then, the State would borrow, at the ordinary rate of its loans, all the money that people wished to entrust to it, and would invest this money, conforming to certain rules of procedure, in all enterprises of a character worth considering.

The thing that seems to us new and really original in the project put forward by Solvay is not the mere idea of socializing enterprises by introducing State participation into enterprises directed by private persons. We may, indeed, cite many examples of this participation, from the Prussian State, already a stockholder in the Bank of Prussia, to the Belgian State, which is a stockholder, along with a great number of private persons, in the Suburban Railway Company. But to our mind, the real originality of the system consists in its generalization, in the use that it makes of this undeniable fact, that if the individual capitalists do run risks of loss, the sum total of capitalist production necessarily realizes profits, and profits which go on always increasing.

If then there existed a physical or moral person

166 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

strong enough financially to interest himself in all the enterprises which are established, he would, by the law of averages, be mathematically certain to make money.

Now, the State may play this part, by making itself everybody's banker, the intermediary between those who have money to invest and those who have a worthy enterprise to establish. And under these conditions, it would profit by almost the whole difference between the interest going to the lenders of money and the average dividend drawn by it in the sum total of the enterprises in which it might be interested.

Let us observe, however, that this difference would be little or nothing when the State entered into old enterprises, into corporations established some time before and arrived, so to speak, at the stationary stage, for it would have to buy the shares, not at their nominal value, but at their value on the stock exchange; and this value would have no great chance of increase in the future. Consequently, the participation of the State in the affairs of an old established corporation could have no other reason than to prepare or to facilitate the complete expropriation of the latter—an expropriation which might be thought advantageous for other reasons.*

*Some years ago the Swiss Government had recourse to this process, under the following conditions: "Until the end of 1898 there could be no question of the purchase (of the Swiss railways) in the way of condemnation of their grants. The Federal Council accordingly tried another way, which is called the system of penetration, because it consisted in the 'penetration' of the Confederation into the companies by purchasing, by mutual consent, from their proprietors, large blocks of stock, which permitted it at first to exercise a preponderant influence in the general meetings of these companies, and perhaps later to bring them to consent to purchase by friendly agreement. (*Le rachat des chemins de fer en Suisse, Circulaire du Musée Social, No. 18, 25 Mai, 1898.*)

It is with this end that the Federal Council acquired

But on the other hand, when new enterprises are in question, the "system of penetration" advocated by Solvay seems like a very attractive method of interesting the State in all enterprises, and of conducting the transition between the capitalist system and a system of complete socialization.

However, we can not agree with Solvay; when he holds that the State, when entering into all the enterprises which are established or enlarged, could be and ought to be nothing but an almost passive stockholder, having no other function than sharing in the profits.

By reason of this same sharing, the collectivity would become morally responsible to the laborers employed in these enterprises; as a shareholder and profit-receiver, it would have the power and the duty to look to it that the length of the labor-day, the rates of wages, the organization of workingmen's insurance, etc., should answer to the imperative requirements of the public conscience; and, as the holdings of the State grew larger, so its influence and its obligations would increase at the same time.

Thus finally, Solvay's system of "free socialization" would lead to the same consequences as the com-

June 27, 1890, 30,000 shares of the Jura-Berne-Lucerne company; then, the same year and the next year, 47,090 shares of the Jura-Simplon company, which had just combined with the former. At the end of 1891, the Confederation thus found itself in possession of 77,090 shares of the company, which had issued altogether 104,000 shares of preferred and 245,000 of common stock.

At the beginning of 1891, a syndicate of banking houses offered to the Confederation 50,000 out of 100,000 shares of the Central Company. But the administration of the Central declared that it preferred to cede the entire system. The Federal Chambers pronounced for this course, but the proposal was rejected by the referendum, partly because it was found that the Confederation was paying for the shares of the Central above their real value. The vote of 1891 put an end to the policy called penetration, as well as to any attempt at friendly purchase.

plete socialization of the great industries which is contained in the socialist programmes.

C. The Complete Socialization of Industries.

Admitting the hypothesis of a collectivist policy, having for its object the gradual capture of the principal industries by the municipalities or the State, after these have been democratized, decentralized and separated from the machinery of authority over persons, it would evidently be in order to attack first—following the line of least resistance—the natural monopolies and the artificial monopolies created by the concentration of capital.

Indeed, when it comes to industries that are monopolized, all the arguments that the adversaries of socialism employ in favor of individual initiative and the advantages that may result from competition fall to the ground, by the very fact that competition no longer exists, and that under the corporation system there is no reason why the personal initiative of private functionaries should be greater than that of public functionaries, admitting, of course, that the latter are given the same advantages and the same liberty of action as the former.

But, let us hasten to say, it would be limiting too narrowly the field of action of collectivism, if it were confined to the old established industries that are concentrated, automatized, and reduced to that routine, that uniformity of method, which made them suitable for operation by the public powers, as these are organized to-day. In proportion as their organization becomes more perfect, the objections which can legitimately be made to their taking over other industries will gradually lose their force.

That in the present state of things, individual operation and collective operation present, from the point of view of production, their respective advantages and

disadvantages, appears all the more clearly if we contrast the most divergent forms of these two modes of operation, the industry of the craftsman and the State monopoly. But while the advantages which properly belong to individual enterprise—and which still hold good in the industries of art and luxury—are decreasing with the progress of capitalist concentration and the extension of corporations, the advantages of collective operation are increasing with the progress of political and social organization.

At first, we have to deal with the police-state, suddenly transformed into an industrial or commercial organization, preserving all the brutality, all the grossness of its beginnings, paying its employees almost as badly as the worst slave-drivers of capitalism and bringing to the operation of the social domain a solicitude not for social wellbeing but for revenue.

From the moment, on the contrary, when the working class begins to make itself felt in public affairs, when politics and public service begin to be separated, when the industrial state wins its independence from the governmental state,—then collective operation, decentralized and freed from red tape, gathers to itself little by little the advantages of management by industrial corporations, yet preserving and developing all the advantages of common ownership.

And finally, in a socialist commonwealth, social productivity would take on a new impulse the extent of which can only be measured by the more perfect co-ordination of forces, and by the fact that all, being at once producers and consumers, would have a common interest to increase the sum of the product.

4. Summary and Conclusion.

The different processes of socialization which we have just passed in review—expropriation of the great industries, penetration of the State into new enter-

prises, co-operative association, with or without the intervention of the public powers—evidently do not exclude one another. It is more than likely, on the contrary, that socialized production, which seems to us the inevitable outcome of industrial evolution, will not be realized in one uniform manner and by the application of one exclusive system, but rather by the combination of all measures, all efforts, all impulses, which converge to the same final end,—the suppression of unearned incomes, the collective appropriation of the means of labor.

As Sidney Webb observes in one of the interesting tracts published by the Fabian Society: "No reasonable Socialist thinks it possible for the State immediately to take over the grocer's shops. The 'democratization' of retail trade and of some other branches of industry, can, it has been triumphantly proved, be effected by the store and the 'wholesale,' where neither the national government nor the local authority could yet venture to step in."*

On the other hand, the most optimistic co-operators are forced to recognize that the practical sphere of co-operation, however large it may be conceived to be, is very far from embracing all branches of production and exchange.

Even in England, that promised land of the co-operators, municipal socialism is developing much more rapidly than co-operative organization. The capital employed by the public authorities in the single industry of gas-lighting is much more than all the common property of the 1,767 co-operative societies of the United Kingdom.**

*Sidney Webb: "English Progress Towards Social Democracy." Fabian Tract No. 15. London: Fabian Society, 276 Strand, W. C.

**In 1899, the capital invested by the English municipalities in the gas industry reached \$143,000,000; the capital belonging to the co-operative societies, wholesale included, to \$123,-

To hope for the conquest of the great machinery of production by the private association of laborers, is to lull one's self and lull the working class with false hopes. Co-operation may prepare for socialism: it can never realize it. Nothing but the expropriation of the capitalist class, by acts of the collective will, can assure the complete emancipation of the producers.

As for knowing how this expropriation will come about—gradually or suddenly, peaceably or forcibly, with indemnity or without indemnity—those are questions which depend far less, unfortunately, upon our personal preferences than upon social combinations.

Certainly, every right-minded man must desire, even were it against all hope—that the liberation of the workers may not cost humanity so much in blood and tears as did the civil wars and the international hecatombs which marked the coming of the Third Estate. But, when one sees the blind, persistent, ferocious resistance which the privileged classes always oppose to the most modest claims of the lower classes, one can not but think of these words which Schiller puts into the mouth of Wallenstein:

"Large is the brain, but narrow is the world.
Thoughts, each by each, may easily persist,
But things in space clash rudely each on each,
And where a new thing claims its place, another
Must in its turn give way,—either of itself
Or else expelled by force, for struggle reigns,
And force it is that triumphs."

This force then, this force that rules the world, the proletariat must conquer. The workers, rallying under the emblem of the International, must awaken

000,000. For additional information, see Harrison on "Municipal Trading" (*Economic Journal*, June, 1900, p. 251), and Zeo, *La Co-operation en 1898*. (*Avenir social*, Feb., 1900.)

in those who still sleep the consciousness of their class interests, they must shatter by incessant propaganda the ancient discipline which imposes passive obedience upon the armies, they must hold themselves with unalterable patience to the conquest of political power in all branches of government. They must by a constant effort over themselves, raise their intellectual and moral strength to the high level of their hopes, and they must prepare, by developing the free and spontaneous organization of the working class, generations which shall be ripe for the republican organization of social labor. In a word, the socialist thought must penetrate all institutions, must filter into all brains, must dissolve all resistance.

Even now, indeed, this conquest is going on, and by the actual confession of one of the most intelligent of its opponents,* socialism may appropriate the words which Tertullian, two centuries after the death of Jesus, addressed to the powers of expiring paganism: "We are but of yesterday and already we fill all your country: your cities, your strong places, your towns, your assemblies, your armies even, the tribes, the decuries, the Palatine, the Senate, the forum: we leave you nothing but your temples."

And even these temples begin to be deserted.

*Vilfredo Pareto: *Le peril socialiste*. (*Journal des Economistes*, 15 Mai, 1900.)



CHAPTER VI.

OBJECTIONS.

"The restraints on liberty, imposed by communism, would be liberty itself compared with the present condition of most of the beings belonging to the human race."—John Stuart Mill.

"All men are created free and unequal. The aim of socialism is to maintain this natural inequality, and to draw from it the greatest possible benefit."* Thus Grant Allen begins a charming and suggestive study, in which he shows that by establishing an equal start, by suppressing the hereditary privileges which assure industrial and social leadership to so many mediocrities and incompetents, socialism, far from bringing men down to the same level, would on the contrary establish the pre-eminence of the strongest intellectually and morally.

Moreover, by giving the possibility of a complete development to all, by rescuing from ignorance and poverty thousands of noble intellects which need only a little well-being and light to blossom out, by developing, through a systematic organization, the general and the technical capacity of all workers it would carry to a maximum human Knowledge, the Power of man over nature, and consequently Liberty, in its highest and fullest sense.

Such being at once the aim and the necessary results of the emancipation of the proletariat, one asks himself by what prodigious misunderstanding it can be that men whose good faith seems above question,

*L'Inegalite naturelle, dans l'Humanite nouvelle. Juillet, 1896.

come to see in collectivism a doctrine of extreme leveling and a formidable menace for the rights of the individual.

In his "Education Sentimentale," for example, Flaubert pictures one of his most repugnant characters, the tutor Senecal, as a sort of living synthesis of the collectivist systems: "He knew Mably, Morelly, Fourier, Saint-Simon, Cabet, Louis Blanc, the heavy cartload of socialist writers, those who demand for humanity the equal level of the barracks, those who would wish to amuse it in a brothel or bend it over a counter, and from the mixture of all that, he had made for himself an ideal of a virtuous democracy, having the double aspect of a farm and a spinning-mill, a sort of American Sparta, where the individual would exist only for society, more omnipotent, absolute, infallible and divine than the grand Lamas and the Nebuchadnezzars."

Here then, formulated with as much vigor as injustice—and it is useless to borrow from Spencer or Leroy-Beaulieu similar citations less vividly expressed—here is the fundamental and the root objection that is made to collectivism: the omnipotence of the State, the transformation of all the citizens into functionaries, slaves of the central power, and consequently, suppression of individual initiative; destruction of liberty, annihilation of all that makes the charm and the beauty of life, from the refinements of private luxury to the marvelous unfoldings of art, too delicate to expand in the atmosphere of barracks.

The explanation which we have given of the essential principles of collectivism makes it already clear that these critics are mistaken and are resting solely on a stupid confusion of ideas between exploitation by the State-employer, in its capitalist form, and the working of the social inheritance by the collectivity of the toilers. Nevertheless, it may be useful to in-

sist again and to show once more that the socialist organization of labor—contrary to the opinion current in bourgeois circles, would increase individual initiative, would powerfully favor the expansion of human liberty, and would give a prodigious impulse to all production, in the triple domain of industry, science and art.

1. Socialism and Individual Initiative.

The defenders of the present system, who maintain that a socialist organization of property and labor would result in un-nerving individual initiative and depressing productive energy by blunting the spur of personal interest, never fail to oppose to "the slave of the collectivist society" the free man, the peasant proprietor, the independent producer, all those who, working for themselves, have a direct and immediate interest in working as much as possible.

Let us remark in the first place that this comparison, even if it were as advantageous as these people wish to make it out for the independent producers, is evidently not pertinent: the socialists, as a matter of fact, do not intend to separate labor from property when they are united, but, on the contrary, to unite them when they are separated; they aim at the expropriation of capitalist property alone, and they have no thought of imposing by constraint upon the holders of personal property any co-operation which these last would not desire.

Only, they point out,—and capitalist concentration bears witness to the same effect—the inferiority of individual enterprises in most branches of production, in all industries which are intended to satisfy the needs which are most general and most extended.

However brilliant they may be, the flowers of personal initiative wither, like young plants at the foot of a great tree, from the moment when capitalist pro-

176 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

duction, decomposing work into fragmentary and mechanical operations, reduces professional capacity to the minimum and leaves to the wage-workers no other stimulus to labor than the fear of being dismissed or fined when they work by the day, or of failing to gain what is indispensable to existence when they work by the piece.

At this stage of development, initiative is concentrated, as well as property and production. It resides almost wholly in the person of the capitalist, as long as the latter exercises by himself, without delegating it to wage-workers, the direction of the enterprise. He has all the profits, but he has all the responsibilities, and if it happens too often that he abuses the sovereign powers that he possesses, still he could not, without disregarding the reality of things be considered as a parasite pure and simple.

"The employer, in the present economic order," says Charles Gide, "is not a simple dealer in hand-work; he organizes that hand-work, this being a very important form of production: he assigns its task, he makes it produce the maximum of useful effect, and it is not only hand-work, it is all the scattered factors of production, capital, land, building-sites—which often do not belong to him or belong to him only in part—that he groups in his hand and makes converge toward a definite end. To foresee wants, to make production tally with consumption, to decide the way in which the labor and the capital of a country should be employed—that is, properly speaking the function of the entrepreneur.*

That this function must necessarily be fulfilled is beyond doubt. But we have seen that more and more inspired by the example of the landed proprietors

*Charles Gide: *Principes d'économie politique*, p. 377. (Paris, Larose, 1896.)

the capitalists are delegating the employer's function to hired managers.

As early as 1836, A. Ure, the Pindar of English manufacturers, as Marx called him, declared that "the soul of our industrial system" was not the capitalists but their managers. Much more is this the case now that the impersonal corporation has invaded most branches of industry.

Certainly at the origin of every fortune, of every enterprise, we still find an act of initiative, an individual effort, honest or dishonest, but once this fortune and this enterprise are established, they develop by acquired force, by the power of capitalist accumulation, by the exploitation of the labor and the abilities of others, and above all when they pass into the hands of heirs, the personal activity of the holders of capital is at last completely replaced by the bureaucratic functioning of the impersonal corporation.

Now it is chiefly when this stage is reached that collective appropriation presents the maximum of advantages, and that on the other hand people are generally ready to agree in admitting that private enterprises have no necessary superiority over public enterprises.

"Whatever, if left to spontaneous agency," says John Stuart Mill, "can only be done by joint stock associations, will often be as well, and sometimes better done, as far as the actual work is concerned, by the State. Government management is, indeed, proverbially jobbing, careless, and ineffective, but so likewise has generally been joint-stock management. The directors of a joint-stock company, it is true, are always shareholders; but also the members of a government are invariably taxpayers; and in the case of directors, no more than in that of government, is their proportional share of the benefit of good management, equal to the interest they may possibly have in mis-

178 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

management, even without reckoning the interest of their case."*

In short, in the present capitalist environment, State industries, however vicious their organization, are not ordinarily inferior to the private companies, from the industrial point of view. The latter carry off the palm only from the commercial point of view: from the moment when the necessities of competition make it necessary to chase after customers, to organize a constant campaign of advertising, to achieve prodigies of skill or lavish treasures of intrigue to preserve a line of customers or capture that of a rival, the State shows itself decidedly inferior to private corporations.

Let us remark, however, that this inferiority, very serious when it comes to realizing a maximum of profits, presents only a very relative importance when it comes to assuring a maximum of advantages to consumers. Now we know that under a socialist regime, social labor would have for its aim, no longer the production of exchange values, but the production of use values for the direct wants of the producers themselves. And if even now the State monopolies, in so far as they are organisms of production do not suffer by comparison with private companies, it will be easy for us to establish, a fortiori, that a socialist organization of labor, far from depressing productive energy or weakening individual initiative, would stimulate them infinitely more than the system now in force.

To show this, we will first take the point of view of the labor of execution; then that of the labor of direction.

In the first place, as regards the labor of execution, it goes without saying that all the means employed

*Principles of Political Economy, Book V., Chapter xi.

to-day to increase the product—prizes, paying by the piece, work by contract, etc., would very easily find equivalents under the socialist system, if it were necessary to resort to such proceedings.

These methods, moreover, can have but a limited application. Work by contract and paying by the piece, particularly, in most industries, are blocked either by technical obstacles or by resistance justified by too frequent abuses. Wage by the day thus remains the dominant form, and since this is so, every one must recognize that in capitalist-enterprises the manual laborer, a simple machine for producing surplus-value, has no other motive than the fear of hunger and of punishments. Accordingly he works, as a general rule, just enough to avoid being fined or thrown out at the door. But it is especially in branches of production where supervision is difficult—in agricultural labor, for example—that the deplorable consequences of the present system, from the point of view of production, are seen in the clearest light.

"Putting things at their best," says Piret, "the day laborer can scarcely be expected to display a greater activity than will suffice to avoid reproof. This minimum of activity becomes general among day laborers, in proportion to the watchfulness and the customary requirements of their masters, and ends by passing so far into a habit that it is accepted as a rule. As for the domestic on wages, it is worse still: having no fear of being discharged from one day to the next, except in the case of some exceptional fault, paid according to his time of service, he is not materially interested in doing the greatest amount of work possible in a given time; for his part, to occupy himself with a slowness calculated merely to avoid too violent reproaches, is too often his only line of conduct; consequently instead of accomplishing his task with ac-

tivity and intelligence, he contents himself with filling up his time more or less indolently."*

To be present at such a spectacle, moreover, it is not necessary to go into the country. Look around you when any work of repair or decoration is being done at your home. See with what majestic slowness this painter waves his brush, with what morbidexxa he sings his romance while he puts stone-color on the front of your house, and you will understand with all the clearness of vision given by injured personal interest, just what results from the absence of personal interest or any higher interest in those who are working for the account of an employer.

Do you wish now for the counterpart of this familiar picture? Do you wish to get an idea of what would be the zeal for work in a society which interested all its members, morally and materially, in the common welfare? Go into one of our socialist bakeries, at Brussels, for example, into one of these bread factories, spacious and clean, provided with the latest improved machinery, giving in one way a present vision of the workshops of the future. You will find in it free men without any other supervision than their mutual control. They earn two dollars a day,* they work but eight hours, while the "white miners" of the small bakeries work in dark cellars twelve, thirteen and fourteen hours for starvation wages,—but during their eight hours the socialist workers give the maximum of useful effort, labor with enthusiasm, and joyfully accomplish for themselves and for their brothers the modernized miracle of the multiplication of the loaves.

*Piret: *Traite d'Economie rurale*, II., 187 and 189 (Bruxelles, 1890).

*It should be observed that rent, clothing and incidentals are cheaper by one-half in Brussels than in Chicago, and that even food is supplied at less than American retail prices to members of the socialist co-operatives.—Translator.

Is not this tangible proof—living proof—that from the point of view of the labor of execution, the collectivist system, that is to say, speaking definitely, co-operation generalized, universalized, would be incomparably superior to the present system?

But then there is, we are told, the labor of direction. Where will you find, to put at the head of social enterprises, the men of initiative, the captains of industry, who direct the capitalist enterprises to-day?

The answer is very simple: without counting the new capacities that would be developed by complete education, those which exist at present would still be there; they would remain what they are, and if it were necessary to employ the means that are used at present to stimulate their zeal, there is most certainly no motive which would prevent resorting to them under a new regime.

All that a trust can do—by a decentralized organization, by a share in its profits, by prospects of advancement—to increase the initiative and the responsibility of its managers or its officers, we have seen that the collectivity could do equally well for its own.

But, let us hasten to say, the possibility of maintaining these inequalities in remuneration does not in any way imply their necessity. Everything indicates, on the contrary, that in a socialist commonwealth they would constantly tend to diminish, if not to disappear, because they would cease to be indispensable to obtain from the intellectual laborers the maximum of initiative and of activity.

That it is otherwise to-day is an easy thing to understand. Work is done, above all, for money, because money is, above all, that which confers social distinction, which gives security and independence, which constitutes the sole means of obtaining most of the satisfactions of life, even intellectual ones; but when once this metallic royalty is abolished, when

collective property gives well-being of mind and body to all, the love of money will give place to other motives, pecuniary interest will fade away before other and less degrading forms of personal interest.

It can not be doubted, indeed, that ambition, the desire to occupy the highest places in the hierarchy of labor, would play an increasing part, in proportion as the struggle for material existence lost its bitterness.

And on the other hand, it would be slandering human nature to overlook the importance that the purely altruistic factors would take in a social state where interests would be unified instead of being antagonistic. Is not this shown even now in the socialist co-operatives, where we see men like Anseele and many others more obscure, but not less devoted, contenting themselves with workingmen's wages for accomplishing marvels of energy, of intelligence and sometimes of commercial genius which were needed to create in Belgium the powerful organism of co-operation?

Those are exceptions, perhaps you will say, and it is not right to figure on exceptions, to count on the self-abnegation and the disinterestedness of the apostles and founders of a new religion, to accomplish the current work of industrial production and of the direction of social labor. So be it; let us take then another example.

It will be granted us, no doubt, that the professional soldiers, the officers of our armies, do not represent a class whose morality, disinterestedness and spirit of sacrifice are sensibly in excess of the average of other classes. But tell them that the country is threatened, that the honor of the flag is at stake, that war is declared; they rush to the frontier, and, to a man, they are ready to give their lives for that flag, for that country, for that war—too often odious and unjust.

Now, if such sentiments can have such effects, can

we doubt for a moment that the same energy, the same resolution, the same devotion would be found as well among the officers and the generals of the industrial armies for their work of life, as among the officers and the generals of the armies of to-day, for their work of death? And if so many men are found ready to sacrifice their lives when it comes to sending lead into their fellow men, would there not be as many volunteers or even more, when it was a matter of giving them bread?

Of course we are well aware that the warlike excitement of a moment and the permanent, peaceful activity of a life's career are two different things, but let us not forget that the action of the moral factors whose power we have just been showing would come as an addition to, not as a substitute for, all the other motives of a lower order, which would still be put in play under a collectivist regime.

So we have the right to conclude that for labor of direction as well as labor of execution, individual initiative, and consequently social productivity, would have everything to gain and nothing to lose if the struggle for existence between men were transformed into their association for the struggle against nature.

2. Socialism and Liberty.

"Socialism and human liberty are incompatible." How many variations have been elaborated on this theme, from the rather heavy pamphlets of Eugene Richter to those fine and exquisite "*Lettres de Malaisie*," in which Paul Adam describes to us an Icarian society, shut up in Insulinde, and which indeed works beautifully, but where liberty exists no more except deep within the heart of an old Spanish diplomat.

Perhaps some one may remember that first of May number of "*Figaro*" which caricatured very pictur-

esquely the three great social stages of the past, the present and the future: absolute monarchy, bourgeois republic and collectivist society.

Justifying himself, perhaps, by the fact that the Fiji cannibals designate their human eatables under the name of "long pork," the author carried over his trilogy into the world of pigs.

Absolute monarchy was pictured in front of an immense trough as an enormous boar, spangled with decorations, proudly crowned with a royal diadem, and sitting majestically in the midst of a spacious enclosure, which other pigs, not so fat, defended against the contingent attacks of the meager rabble of plebeian pigs.

Then came the bourgeois regime, the regime of *laissez faire*, every one for himself: the gates open, the fences down, and the porker populace rushing toward the royal trough, the largest pushing away the smallest, the strongest crushing the weakest.

Finally, contrasting by its calm symmetry with the furors of this tumult, came the State of the future, a row of pigs of equal size, curling their little tails of equal length, and peaceably aligned before equal troughs separated by uniform enclosures.

Perhaps if they happened to cast their eyes on this picture, some of the people whose troughs were empty may have reflected that at all events, rather than the royal monopoly or the unequal combat of the *laissez faire*, they preferred the social organization which at least would solve the question of the stomach. And if they reflected further, they must have said to themselves that the most beautiful liberties in the world, so long as this question shall not be solved, are summed up for the proletariat in one alone,—the liberty to starve.

To be free, in fact, a constitution is not enough, property is needed, individual or collective. He who

has nothing can do nothing. The workingman who does not find in some real right that "piece of constitution" which Lassalle preferred to all the written charters, remains, politically and socially, in absolute dependence on the purchasers of his labor power.

To appreciate the sum of liberty at his disposal, please think of what happens on election day, when he exercises his "sovereign rights."

In France, where the secrecy of the ballot is insufficiently guaranteed, how often we have seen, in the industrial centers, hundreds of workers dropping their employers' tickets into the electoral urn, under the supervision of their foreman and the menace of enforced idleness!

In Belgium, where the legal machinery protects the liberty of the voter more effectively, the sovereign people possesses at least the right of concealing itself.

It is behind an isolating screen that he marks with a black point the official ballots handed him by the election officers. Hide yourself well, comrade! No one will see you, no curate, nor employer, nor magistrate. Hide yourself as if you were about to commit a crime. There you are, alone with your conscience. You are free, once every four years!

But this minute of liberty—and it is a precious thing—is it not in itself the proof of a perpetual slavery? Does it not show clearly that in the present state of things, only those are free to express their opinions, to make public their political preferences, to confess openly their philosophical or religious beliefs, who have what is called an independent position, who find in personal property the guarantee of their liberty?

Consequently, the only means of assuring liberty to all is to give property to all, and under the system of the great industry, the only means of giving property to all is to socialize the means of production and exchange.

Objection is made, it is true, that the remedy would be worse than the disease; it is asserted that individual liberty would suffer even more from popular sovereignty based on collective property than from capitalist sovereignty based on private property. And to maintain this, appeal is made in turn to the interest of the citizens as producers and as consumers.

From the point of view of the producers, to begin with, we may safely say of the workers who are to-day attached capitalist industries and who would come to be occupied in social enterprises, that in the matter of liberty, they have nothing to lose but their chains, and that if the State-employer kept its present form, even its despotism, tempered by the growing influence of democracy, would not be harder to endure than the despotism of the employers of private industry.

Let us suppose now that the collective system becomes general; that by reason of the fusion of classes, the authoritative functions of the State are reduced to the minimum; that in the public industries, decentralized and self-regulating, every one takes part in the common work of production. How can it be maintained that the liberty of the producers would be diminished, because they would have become their own masters and their own employers?

Still this is insisted. We read of the deplorable situation of the worker driven from the collective shops, smitten with industrial excommunication, perhaps for secret reasons, and tramping the pavement without being able to find work anywhere.* But is it not plain that this is precisely what these excommunications are producing every day under the capitalist system, while they would become morally impossible

*See Herbert Spencer's essay, "The Coming Slavery."



in a society where labor, being a duty for all, would necessarily be a right for all?

Just as it would be inconceivable that in our present society the State, acting as operator of the railways, should refuse to carry a traveler, it is absurd to suppose that in a collectivist state, they should refuse to employ a citizen. And if one were to say that exclusion from one social workshop would necessarily imply exclusion from all the others, it is almost like saying that under a system of municipal autonomy, the moment one town refuses to elect an instructor—an account of his political opinions, for example—that instructor is doomed to receive the same welcome from the other towns of the country.

In terms full of equal apprehension we are told of the restraints to individual liberty which would result from the regulation of social labor.* But again, how can any one fail to see that this regulation—the written formula of which is imposed as a protective guarantee by state law upon factory rules—exists quite as much under the capitalist system?

Absolute liberty of labor is possible only in individual enterprises, if indeed we give the name "liberty of labor" to submission to natural laws alone, a submission all the more complete as labor is more isolated. From the moment, on the contrary, when labor, ever its nature, requires the merging of the individual into a complete whole, his liberty necessarily goes under restrictions. The chief of the clinic and college professor who keep regular hours are regulated in the same sense as the manual laborer who is subjected to factory rules.

Such regulation, indispensable to the proper carrying out of the work, will evidently not be suppressed by collectivism. Only, instead of being the exclusive and

as in the work quoted above.

personal work of the head of the enterprise, with interests opposed to those of his workmen, it would become an expression of the will of the workers themselves, having the same rights and the same interests.

Under these conditions, is it not evident that this regulation, made by every one in the interest of every one, would protect the liberty of the producers better than the present regulation, which is imposed upon every one in the interest of a few? Moreover, the reduction of the hours of labor resulting from a more equitable distribution of tasks and a more active participation of all citizens in social work would give all the most inestimable of liberties: the privilege of working to live instead of living to work, the right to preserve leisure enough for voluntary occupations and to taste at the end of the labor day those joys of family or social life which are implacably denied to-day to the immense majority of manual laborers.*

We believe we have thus shown that from the point of view of the producers, collectivism, by suppressing the freedom of exploitation, would give birth to the freedom of labor. But, let us not forget, there is still another point of view. Appeal is made to the interest of the consumers, of the public, of the citizens in general.

For them especially is the fear, real or affected, of the omnipotence of the collective will.

What would become of the liberty of the press, of the liberty of the home, of the free determination of wants, in a social state where the collectivity, disposing at its will of all products and all services, could officially boycott the minorities that proved refractory under its guidance? And sober people point

*See Kautsky: *Der Sozialismus und die Freiheit. Das Erfurter Programm*, pp. 166 et seq. (Stuttgart, 1892.)

out to us, without a smile, the unfortunate citizens of the State of the Future, condemned to read official newspapers exclusively, to lodge all their lives in the same apartment of the same phalanstery, and to get their food from the same kitchen as the other inhabitants of their district.

"In a socialist State," exclaimed a promising young liberal at an electoral meeting not long ago, "we should all have to wear coats of a cut designated by the government."

"But"—interrupted a workingman, quite poorly dressed, who did not seem frightened beyond measure at this prospect—"are you not a firm believer in free education, secular and compulsory?"

"Certainly!"

"Well, then, why do you find it so deplorable that the State determines the cut of our garments, when you consider it quite natural that it attend to the intellectual shaping of our children? Whatever is capable of educating is amply capable of dressing and feeding also."

To this direct and personal argument, our liberal made no reply, but no doubt the answer will be made for him that the omnipotence of the State in the matter of education would be no better than the omnipotence of society in the matter of food or clothing. We agree perfectly, and without losing time in protesting against this absurd idea that the socialization of the means of labor would result in compelling citizens to wear the same uniform, or to share the same dish—as in the Carmagnole—we should be foremost in saying that, if collectivism would necessarily result in increasing the powers of the governing State, in strengthening the state of the policeman, in favoring the arbitrary intervention of the State in private life and in personal consumption, it would really not be

worth while to substitute collective tyranny for capitalist tyranny.

Thus, we have amply insisted upon the imperative need of differentiating the industrial State from the political State, of assuring the complete self-regulation of the economic organization as opposed to the political organization of society. For as long as the confusion between these two domains continues, a government may—as every day proves—abuse, for the sake of its prejudices or its political interests, the power arising from the fact of its operating public services.

Thus, to cite a single example, in our own constitutional Belgium, where the liberty of the press is supposed to be absolute, the minister of railways assumes to himself the right of forbidding the sale of socialist publications in the railway stations and other places under his control.

It should be added, however, that if this same minister, instead of this annoyance of no great practical importance, ventured to make a more serious attack upon the liberties of the citizens, if he refused, for example, to transport or to distribute through the mails a certain class of journals, he would inevitably be overthrown by a general uprising of public opinion.

Even now it may be said that the customs and traditions of liberty are strong enough to offer an effective resistance to the abuse of power.

Much more would this be so in a more equitable social state and one governed by the fundamental distinction which we have explained between the government of men and the administration of things. All the more is this true since the importance of the governmental form designed especially to maintain the capitalist order would go on decreasing in proportion to the development of the new order.

Under these conditions we ask all sincere men to

consider how liberty could be compromised by the fact of an increasing number of self-regulating public services being operated socially instead of being left to the operation of private parties.

Even now, is the public less free when it is traveling on the State railway than on a private one? Is it less free when it consumes municipal water, or turns on municipal gas, instead of using the water or burning the gas of a private company? Is it not perfectly evident, on the contrary, that the socialization of capitalist monopolies by the citizens of a democracy is the very condition of real liberty?

Of course, we do not claim that every extension of the public domain necessarily results in an increase of liberty. There is no doubt, on the contrary, that acts of collective appropriation accomplished by the ruling classes in their own interest may result in the fiscal monopolies of the European monarchies, or else in the paternal communism of the jesuits of Paraguay, or, again, in the despotic collectivism of that Chinese emperor, which has been so long the delight of the bourgeois press. But, those who argue from such examples against democratic socialism, should not forget that, to reach its end, to transform, in the interest of all, capitalist property into social property, the proletariat will have to display such a power of organization, to realize such moral and intellectual progress, that it becomes absurd to suppose that generations growing up in such a school would, for a moment, endure any restraints upon their full and complete liberty.

3. Socialism and Art.

We have seen the most passive among the capitalists reproach socialism with its weakening of individual initiative; we have seen the most arbitrary of employers fighting it in the name of human liberty.

192 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

It is thus quite to be expected that, in their turn, the most unaesthetic of the bourgeois should take up the defence of the artists against the "ignorant masses," against the "modern barbarians."

But, let us hasten to admit, they do not remain alone. Philosophers, inventors, and scientists like A. Foullée, also manifest decided apprehensions for the future reserved for poets, artist and metaphysicians in a "society of materialistic collectivists."

Will they not be banished from the Republic, and that too without crowns of flowers? And admitting that mercy be shown to them, "in what way will the collectivist society organize the philosophic labor which deals with the first principles and the final ends of existence, including even 'the beyond?' Will it be possible to establish regulations for mental labor, to impose upon it the eight-hour day, to command Victor Hugo to have his poetic inspiration at seven o'clock in the morning and to take a recess at nine? And how will this labor be estimated? The thought of a man of genius has not always an appreciable economic value. When Galileo discovered the satellites of Jupiter, could a collectivist administration have guessed that these satellites would serve to make more exact maps and to avert shipwreck for the ships of commerce? Leisure, even idleness, however odious these things may be (in other people) to manual laborers, have their use and their social necessity, along with their disadvantages. If every one were bent over the plow, or the anvil, there would be none of those dreamers, none of those so-called idlers whom we know as Socrates, Archimedes, or Laplace, nor any like Dante, Shakespeare, or Lamar-tine."*

In short, according to our author, a socialist com-

*Foullée: *Le travail mental et le collectivisme matérialiste*. (Revue des Deux-Mondes, 1er Mai, 1900, pp. 121 et 122.)



munity, wholly occupied in planting cabbages, would care very little about cultivating roses. Material production would absorb all its energies. Every one would have the necessities without doubt, but no one would have any superfluity. Now, it is superfluity of riches which enables artists to live. It is unearned incomes which give leisure to the poets, and, consequently, to suppress capitalist appropriation would be to limit aesthetics in future to the platitudes of official art.

To answer these objections it is important, in the first place, to get rid of a fundamental misunderstanding.

All socialists, even materialists, would admit with Fouillee this commonplace truth that "the collectivist authority which should assume to organize mental labor on economic and administrative plans, just as it would organize manual labor, would dry up the springs of all invention and of all social progress, economic progress included." We only regret that Fouillee does not agree with us in recognizing that this absurd idea never entered the head of a single socialist theorist.

At all events, let the readers of the *Revue des Deux-Mondes* be reassured: the Victor Hugos of the future will not be subjected to factory regulations; the Shakespeares of the twentieth century may still, if they have no better means of existence, earn their living by going on the stage of the little theaters frequented by sailors. Everything permits us to hope that the astronomers, the poets, the mathematicians and the philosophers when they live under the socialist regime will not be imprisoned like Galileo, exiled like Dante, massacred like Archimedes, or poisoned like Socrates. But really, to give a more serious answer to a more serious objection, it did not require light from a philosopher so great as Fouillee to make the most obtuse

collectivist understand that the first need of art and philosophy is liberty. The whole question is to ascertain whether the poets, the philosophers, all those, in a word, who give themselves to labors of no immediate practical value, would have no less real liberty in a socialist community than in the present state of things.

Now it will be easily seen, in the first place, that if there ever was an environment hostile to the free development of art and of philosophical speculation, it is undeniably the bourgeois society, wholly governed by considerations of money and of interest.

If in spite of all, art flourishes on the ruins of the past, on the vague fields of the present encumbered with ruins and with gross materials for construction, on the mountain tops already bathed with the light of dawn, from which the future may be descried, it is because its impulse is as irresistible as the development of the germs in the cracks of old walls, in the chinks of the pavements, in the meager soil of the most unfertile lands. But, in spite of its invincible vitality, aesthetic production,—and the same thing may be said of philosophic production—is fatally sensitive to the unfavorable conditions of existence which surround it.

For the immense majority of men, even for the leaders of bourgeois thought, aesthetic pleasure is nothing but an amusement, a distraction, an enjoyment of luxury. "What characterizes it," says Spencer, "is that it is not united to the vital functions; in other words, it brings us no specific advantages; the pleasure of sounds and colors, even that of subtle odors, springs from a simple exercise of one or the other organs without visible advantage; it has in it something of, contemplation and of leisure; it is an enjoyment of luxury."

And naturally in a social state where most of the

Individuals have to devote their entire effort to the winning of their daily bread, this enjoyment of luxury remains the privilege of the smallest of minorities.

In the time of Louis XIV, it was especially the people of the court. Later, it was the "best people" of the aristocratic drawing rooms. To-day, it is almost exclusively the bourgeoisie, or rather that minute fraction of the bourgeoisie which does anything beside extracting surplus value from the proletariat.

If we deduct the too infrequent intellectual pleasures which the collectivity even now puts at the disposal of all, and which, for that matter, most manual laborers have as yet no opportunity of tasting, we might say indeed that the bourgeoisie alone, the rich, or comfortable class, possesses the time and the money necessary to frequent the libraries and the theaters, and especially to procure the books, the statues, the pictures and other exchange values in which beauty is embodied. And, thanks to this intellectual and material monopoly, it alone disposes of the power of dictating its preferences either directly or through the State upon all those artists who having no other means of existence are condemned to please this class under the penalty of dying of hunger.

This fact explains at once the mediocrity of those who submit and the exasperation of those who revolt, for the trait common to all artists who can, thanks to their personal resources, or else by imposing upon themselves severe privations, achieve a relative independence is their profound aversion for the rule of the bourgeoisie and for bourgeois ideals.

There are some who draw from this aversion the very indignation which makes great works: like Balzac writing his *Comedie Humaine*, Flaubert spitting his contempt upon the conquerors of June, 1848, Victor Hugo chastising the second Empire, Zola publishing *Germinal*.

Others, in despair over the present, take refuge in the ivory tower of the poets, sing, with Mallarme, of the Latin degeneracy, crouch at all the windows from which they may turn their back on life, or else looking back over the past demand of the great centuries of Christianity the inspiration which they no longer find in the present world.

Still others, and these the greatest in number, seeking support in the souls of the common people which are awakening, announce with Wagner, the allied triumph of Art and Revolution. But whatever the beauty, whatever the sublimity even of their works, they are and can only be precursors as yet. Before a new art can blossom, broad and great as humanity itself, humanity must know the peace that follows strife, the leisure that comes after work, the union of minds and of hearts after the conflicts which rend them to-day. Periods of transition, of criticism, of revolution like ours, can only produce works of pain and incompleteness.

That which was is no more, that which shall be is not yet. The reality mars the dream. Those who are laying the foundations of the new social order have scarcely time to think of other things, and too often, the artists who speak to crowds still enthralled wait vainly for a responsive echo. But when the emancipated proletariat shall live a life really human, when all the toilers shall have culture enough to bring sensations of art within their reach, when all shall have after their day's labor those hours of leisure which Fouillee well says are a "social necessity," then and then only aesthetic pleasure will cease to be an enjoyment of luxury, and will become a common need to all the members of the community; then and then only, great works will be born in perfect beauty from the fruitful union of the "individual creator,

sure of being understood, and the pulsing multitude sure of understanding him.

"What is art indeed," as George Sand admirably says, "without the hearts and minds upon which to pour it? A sun which would shed its rays and give life to nothing."

What will it not be, on the contrary, when whole nations shall open their eyes to its light, and shall bear in their humblest labors some reflection of its splendor?

Objection is made, it is true, that the material conditions for aesthetic development will be lacking in a social state where the artists, deprived of the resources that individual property may give them, will find no more protectors, bourgeois or princes, whose private luxury contributes to their support.

The objection lacks little of being ridiculous coming from the admirers of bourgeois society, that alma mater of intellectual laborers. Must we remind them to what expedients most of those laborers must resort to obtain that morsel of daily bread which Berlioz used to eat flavoring it with raisins, at the foot of the statue of Henry IV? Schiller was a professor of history. Balzac received a few pitiful thousand francs for the ten thousand pages of his *Comédie Humaine*. Wagner, before he met Louis of Bavaria, was reduced to writing an accompaniment for *La Favorite* "for two brass cornets." Beethoven, at the end of his life, says in a letter addressed to his pupil Ries: "This sonata has been composed under very painful circumstances, for it is sad to be obliged to write for bread. That is where I am now." And among the great creators the immense majority of those who did not live in the darkest misery, gathered their resources either from some profession wholly foreign to their art, or from sinecures, or pensions, or from the favor, always long delayed, of the public.

198 COLLECTIVISM AND INDUSTRIAL EVOLUTION.

Now, it is evident that from this triple point of view, the collectivist system would be manifestly superior to the present system. Those who should exercise some other profession than their art would enjoy greater leisure, those who now work for some Maecenas, bourgeois or royal, would work like Rembrandt and Hals of long ago—for groups, associations, public persons, whose collective luxury would gloriously eclipse the vanity and the pitiful attempts of private luxury. And those finally who disdaining any official contact should prefer rather to address themselves directly to the public, would find it very much the easier to live by their brush, or their pen, as this public would be infinitely more numerous and more enlightened than to-day.

In vain would be the objection that the great public would be a bad judge, that it would prefer brilliant mediocrities to really original artists. Does not experience show, on the contrary, that the most bitter resistance to new formulas of art comes, not from the masses of the people, but from the privileged classes? Walther of Stolzing, rejected by the Meistersingers, appeals from them to the good people of Nuremberg, Corneille, condemned by the Hotel de Rambouillet, made Polyeucte triumph on a larger stage. Works that are truly great, those which reflect the soul of a whole nation, are first understood by the people themselves, or at least by that fraction of the people who are not in complete slavery to the power of darkness.

Much more will this be so when all the units which compose the collective whole shall become conscious units, when all the members of the human family, instead of being divided against themselves, shall find on a larger foundation that moral convergence, that fruitful solidarity which reigned in the ancient city and in the mediaeval community. And like those two great epochs which appear as glorious stages in

the eternal march of history, socialism will crown its social work with the blossoming of a new aesthetics.

Many a time it has been said that art under all its forms is nothing else than the mirror, more or less distorted, yet always faithful, of society. To-day it reflects the discouragements of a dying bourgeoisie, the torments, the anguish, and also the hopes of a proletariat which lives and which grows in suffering. To-morrow, it will reflect the calm and the peace of the happy generations which, escaped from the mire of poverty, will have founded, thanks to their own effort, the sovereignty of labor and the reign of brotherhood.

* * *

In one of his most beautiful poems Victor Hugo shows us the Satyr of Mount Olympus rising, hairy and black, into the proud assembly of the gods. They greet him with revillings. He responds with a song of defiance. Mercury gives him his flute, Apollo, subdued, reaches out to him his lyre. The revolutionary song rises like an increasing shout to the vault of heaven, and the singer in his turn expands, the immensity of space enters into this black form; it is the entire world which rises and which overthrows the throne of Jupiter.

Is not socialism the Satyr of the Legend of the Centuries? At first feeble like him, covered with mire and hairy, despised when he appears. Later, they fear him when he begins to grow. But behold him growing still; he seizes the flute of Mercury; he grasps Apollo's lyre, he gathers to himself all the powers of art, all the arms of science; he rises before those who thought themselves immortal and soon, his foot upon their throne in the fullness of his power he, in his turn, will cry to them:

"All must give way! I am Pan; Jupiter, sink to your knees!"





DO OR BE DONE?

The International Socialist Device

Published by the International Socialist Device, 1111 Avenue C, New York, N. Y.









FEB 18 1936

